MANAGEMENT REPORT AND ACCOUNTS

2011

ESTORIL SOL SGPS SA

ESTORIL-SOL, SGPS, S.A.
Fully paid up share capital: 59.968.420 Euros
Headquartered at: Av. Dr. Stanley Ho, Edifício do Casino Estoril, 2765-190 Estoril - Cascais
Tax id number: 500 101 221

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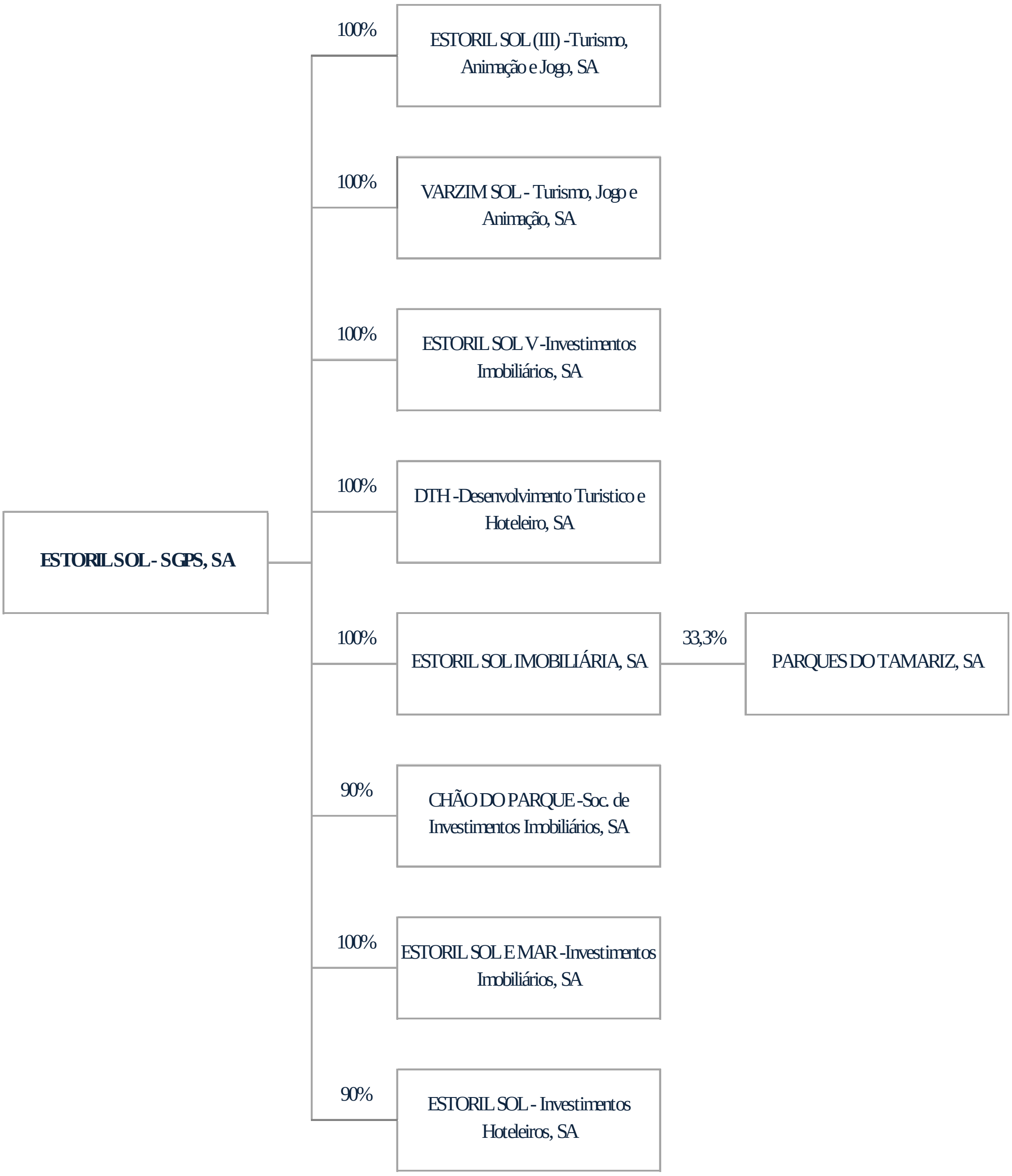
ESTORIL SOL - SGPS, SA
100%
ESTORIL SOL (III) -Turismo, Animação e Jogo, SA
100%
VARZIM SOL - Turismo, Jogo e Animação, SA
100%
ESTORIL SOL V -Investimentos Imobiliários, SA
100%
DTH -Desenvolvimento Turistico e Hoteleiro, SA
100%
ESTORIL SOL IMOBILIÁRIA, SA
33,3%
PARQUES DO TAMARIZ, SA
90%
CHÃO DO PARQUE -Soc. de Investimentos Imobiliários, SA
100%
ESTORIL SOL E MAR -Investimentos Imobiliários, SA
90%
ESTORIL SOL - Investimentos Hoteleiros, SA

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BOARD OF THE ANNUAL GENERAL MEETING

Chairman	- Daniel Proença de Carvalho
Deputy Chairman	- Jorge Manuel Rodrigues Vultos Sequeira
Secretary	- Tiago Valada da Rosa Mendes

ADVISORY BOARD

Chairman	- Rui José da Cunha

REMUNERATION COMMITTEE

- Stanley Hung Sun Ho
- Ambrose So
- João de Sousa Ventura

BOARD OF DIRECTORS

Chairman	- Stanley Hung Sun Ho
Deputy-Chairmen	- Huen Wing Ming Patrick
	- Mário Alberto Neves Assis Ferreira
Members	- Pansy Catilina Chiu King Ho
	- Ambrose So
	- Choi Man Hin
	- Vasco Esteves Fraga
	- António José de Melo Vieira Coelho
	- Jorge Armindo Teixeira

AUDIT BOARD

Chairman	- Mário Pereira Pinto
Deputy-Chairmen	- António José Alves da Silva
	- Manuel Martins Lourenço
Alternates	- Armando do Carmo Gonçalves

COMPANY SECRETARY

Carlos Alberto Francisco Farinha

Alternate: Artur Alexandre Conde de Magalhães Mateus

STATUTORY AUDITOR

- Lampreia & Viçoso, SROC

Represented by Donato João Lourenço Viçoso

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Dear Shareholders,

Pursuant to the legal and statutory provisions, we hereby present and submit the Annual Report and the Individual and Consolidated Accounts, referring to the year ended 31 December 2011, for your appreciation.

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, SA modified its legal status to “Holding Company, SGPS”, 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.

2. ACTIVITIES

Through its associated undertakings, ESTORIL SOL, S.G.P.S., S.A. indirectly holds interests in the Tourism sector and, in particular, in gaming activities at Casinos, for operating concessions for gambling or games of chance in the permanent gaming areas of Estoril and Póvoa de Varzim.

During the year, we monitored the implementation of the operational and investment programs of the associate companies on a regular and in-depth basis, paying particular attention to and supporting their initiatives to rationalise processes and contain costs.

3. FINANCIAL INVESTMENTS

On 31 December 2011, 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.

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

ESTORIL SOL 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..

DTH - DESENVOLVIMENTO TURÍSTICO E HOTELEIRO, SA – 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 (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.

PARQUES DO TAMARIZ - SOCIEDADE EXPLORAÇÃO DE PARQUES DE ESTACIONAMENTO, S.A. - ESTORIL- SOL S.G.P.S., S.A., through Estoril Sol Imobiliária, SA, holds a 33.3% stake in the share capital of the company, which is EUR 1 500 000. The company has a licence to build a car park on the land next to Estoril Casino.

CHÃO DO PARQUE - Sociedade de Investimentos Imobiliários, S.A. – Has a share capital of EUR 750,000, of which 90% if held directly by ESTORIL-SOL, S.G.P.S., S.A. and 10%, indirectly, through Estoril Sol - Investimentos Hoteleiros, S.A..

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.

Pursuing the measures to rationalise the Group's structure, during 2012 we will press ahead with the liquidation and dissolution of the companies Estoril Sol - Investimentos Hoteleiros, SA and Chão do Parque - Sociedade de Investimentos Imobiliários, SA.

4. SHARE CAPITAL, SHARES AND DIVIDENDS

At 31 December 2011, the share capital of ESTORIL-SOL, S.G.P.S., S.A. was represented by 11,993,684 shares with a nominal unit value of EUR 5.0, of which 6,116,779 were registered shares and 5,876,905 bearer shares.

At the time this report was prepared, ESTORIL SOL, SGPS, S.A. held 62,565 treasury shares, with no trading taking place during the financial year.

In 2011 the Company paid a dividend of 25 cents per share, referring to 2010.

5. ACCOUNTING STANDARDS

The consolidated financial statements of the ESTORIL-SOL Group are prepared in conformity with the IFRS – International Financial Reporting Standards.
The individual financial statements of Estoril Sol, SGPS, SA and of the Group companies are prepared in conformity with the standards in force in Portugal, the Accounting Standards and Financial Reporting (NCRF) and Interpretative Standards which, as a whole, form the Accounting Standards System (SNC).
The adoption of the Accounting Standards System, SNC, for the individual accounts, introduces alterations, particularly in the presentation of the financial statements of the Companies.
It should be pointed out that the impact of the evaluation of the financial investments, under the equity pick-up method, positive and/or negative, now directly influences the Operating Result, when in previous years this impact was stated in Financial Results.
In order to prove that assets are presented for an amount that does not exceed their recoverable value (IAS 36), Estoril Sol (III) and Varzim Sol appointed Deloitte Consultores, S.A. to carry out studies to determine if any impairment exists.

6. INDIVUDUAL ACCOUNTS

The Company does not directly exercise any economic activity, and so the net income recorded in the year, amounting to 1.8 million Euros, basically arises from of the increased valuation of the financial investments in the subsidiary companies by the equity pick-up method.
Operating costs, amounting to 8,2 million Euros, are basically due to the cancellation, (based on the independent assessment of the impairment of assets), of Net Goodwill, of 5.7 million Euros, generated in 1997 in the purchase of the share capital of Varzim Sol. Other costs are related with the normal operating of the company, such as:
- Staff Costs, amounting to 1.2 million Euros, 0.4 million Euros less than the amount for 2010, include 0.3 million Euros relating to the termination of contracts of employment by mutual agreement.
- Costs with External Supplies and Services, amounting to 0.6 million Euros, went down by 3% compared with the amount recorded in 2010.

The Financial Result amounting to 1.3 million Euros expresses the financial charges borne with the banking operations negotiated to reinforce the financial structure of the subsidiary companies.

Given the above, the Net Profit of the individual accounts, in the year, was 6.6 million Euros in the red.
At the end of 2011 Net Assets contracted by 13.3 million Euros when compared with the same time in the previous year, with this contraction of assets being largely explained by the repayment of 5.0 million Euros in Additional Capital Payments made by Estoril Sol, (III) and by the full amortization of Goodwill, supported by the independent study to assess the impairment of assets held by the company.

At the end of the year Total Liabilities showed a reduction of 2.8 million Euros when compared with the same period in 2010.
During the year, the Company amortised 11.3 million Euros of bank debt, a movement that was compensated by an increase of 11.9 million Euros in short term debts to subsidiary companies.
The financial autonomy of the Company, expressed by the relationship between equity and total net assets, was 66.1% at the end of the year.

7. CONSOLIDATED ACCOUNTS

The Estoril Sol Group, through the Estoril and Lisbon Casinos, held by Estoril-Sol (III) and through the Póvoa de Varzim Casino, held by Varzim Sol, has major interests in the operation of gaming activity in Portuguese Casinos, representing a share of 63.4% in the national market of the Sector at the end of 2011.
The consolidated Operating Income of the year, amounting to 222.7 million Euros, suffered a drop of 6.7%, basically justified by the fall in gaming revenue, amounting to 14.7 million Euros and also by the reduction in revenue from the restaurant and entertainment activity and the official payments directly related with the gaming revenue.
The economic activity undertaken by the Companies of the ESTORIL SOL Group generates income in the areas of Gambling, Restaurants and Entertainment, where just the income from gambling alone represented 92.7% of the total consolidated operating income.
Consolidated Operating Costs, amounting to a total of 224.2 million Euros, were negatively influenced by the amount of amortised Goodwill of 7.6 million Euros, and so recorded a drop of 4.1 million Euros, compared to the costs incurred in the same period of 2010.
The consolidated EBITDA achieved in the year, amounting to 34,3 million Euros, corresponding to a margin of 15.4% of operating income, represented a reduction in absolute value of 9.5 million Euros compared to 2010.
The consolidated Net Profit of the year, amounting to 8,3 million Euros IN THE RED, expresses, in particular, the amortization of Goodwill and the net results achieved by the Group companies.

8. GROUP COMPANIES

ESTORIL SOL (III), TURISMO, ANIMAÇÃO E JOGO, SA

CONSTITUTION AND IDENTIFICATION OF THE COMPANY

ESTORIL SOL (III) was incorporated on 26 July 2001 as a result of the organic restructuring process of ESTORIL-SOL, S.A., in which the contractual position that this Company held in the gambling concession contract in the Estoril permanent area and also all the property, rights and obligations relating to the operation of the said gambling concession of Estoril were transferred to ESTORIL SOL (III).

LEGAL AND CONTRACTUAL FRAMEWORK

The activity of gaming concessionaries in Portuguese casinos is regulated by the Games Rules - Decree Law 422/89 with amendments introduced by Decree Law 10/95 and by Decree Law 40/2005.

The concession contract for exclusive operating facilities for gambling or games of chance in Estoril's permanent gaming area was concluded on 17 June 1985 and published in the "Diário da República" (Official Government Bulletin), 3rd series, no. 197, dated 28 August 1985.

Decree Law no. 275/2001, dated 14 December 2001, stipulated the extension, to 31 December 2020, of the concession contract for operating facilities for gambling or games of chance in Estoril's permanent gaming area, originally set to end on 31 December 2005, through the payment in return of 98,761,983.00 Euros, at current prices.

Decree Law no. 15/2003 allowed gaming operations in the Estoril gaming area to be carried out in two casinos, by assigning to ESTORIL SOL (III) S.A., which holds this concession, the rights and duties inherent to the setup and operation of a casino in Lisbon, via the payment of an initial instalment of 30,000,000.00 Euros, at current prices, as well as the payment of an annual instalment amounting to 50% of gross gaming revenues.

Pursuant to the aforementioned authorization, ESTORIL SOL (III) was under obligation to build the Lisbon Casino with all the requisites regarding comfort and functionality which are determined via a specific Ordinance, and this was done by the said concessionaire, by acquiring, to this effect, full ownership of the building where the casino would be set up and which, after major remodelling work – and almost total reconstruction -, was opened on 19 April 2006. Pursuant to legal terms, and according to the conditions then negotiated with the Portuguese State, full ownership of the said building as well as the parking lots serving it shall belong to ESTORIL SOL (III) S.A. beyond the end of the concession.

ACTIVITIES CONDUCTED

When the 2008 Annual Report was being prepared, we had the opportunity to state our concerns over the impact of the economic crisis on the future level of activity of the Company.

It was, therefore, no surprise to see that, for the third consecutive year, gaming revenue has fallen in all Portuguese casinos.

The foreseeable decline in revenue, taken into consideration when preparing the budget for 2011, led us to adopt a series of exceptional measures to contain operating costs, the effect of which was felt across the whole Company.

The cost containment plan was pursued and improved with a careful selection of investments made and the reduction of a wide range of operating costs, especially hitting the areas of marketing, shows and cultural and entertainment activities, in particular in Estoril Casino.

Gaming

The gaming revenue – from Machines and Seated Games - generated by the ten Portuguese casinos in 2011, totalled 324.2 million Euros, recording, for the third consecutive year, a drop in cumulative terms of 61.3 million Euros, or rather, a contraction in the market of 15.9%.

Through the Estoril and Lisbon Casinos, ESTORIL SOL (III) received gaming revenue amounting to 159.5 million Euros in 2011, representing a reduction of 9.5 million Euros in income when compared with the

amount recorded in the previous year. At the end of the year the company had a 49.2% share of the domestic market.
In 2011 Lisbon Casino obtained gaming revenue amounting to 88.1 million Euros which compared with 91.9 million Euros generated in the preceding year, or rather, a reduction in income amounting to around 3.7 million Euros. In the last three years, Lisbon Casino has lost 9.2 million Euros in gaming revenue.
In 2011 Estoril Casino's gaming income amounted to 71.3 million Euros, or rather, 9.5 million Euros less than in 2010. In the last three years Estoril Casino has lost 24.5 million Euros in gaming revenue.

Artistic, Cultural and Entertainment Activities
In an economic climate clearly blighted by the generalised containment of expenditure, the Company nevertheless promoted a prestigious and coherent artistic, cultural and sporting program – an obligation under the current Concession Contract - presented both in Estoril Casino and in Lisbon Casino and also in other outdoor spaces in the municipalities of Cascais and Lisbon.
The main activities were:
The daily presentation in the Black and Silver Hall in Estoril Casino of the show "Fado – The Story of a People" which ran until the end of the first six months of last year. In this same hall, at the start of last October, came the debut of a new show "The Best of La Féria" written by Filipe La Féria.
Besides the daily show, a number of Galas were held the most important of which were the "Grand Gala of Fado – Carlos Zel" and the opening Gala of the "Estoril Film Festival 2011".
Besides the daily live acts in the "LOUNGE D" in Estoril Casino, a space which is open to the public, normally free of charge, this venue hosted a cycle of "Major Concerts at the Casino" every Thursday from July to September, where famous Portuguese artists performed, such as Pedro Abrunhosa, Mafalda Veiga, Jorge Palma, Amor Electro and Áurea, among other equally prestigious artists.
The Estoril Casino Auditorium, besides presenting a number of theatre shows and a cycle of magic shows by Luis Matos, hosted the ceremonies for the awards of literary and artistic prizes, as well as a number of concerts in the 31st edition of "Estoril Jazz". This auditorium also hosted the "Estoril Film Festival", putting on six cinema sessions that included the cast of the contending films.
The "EGOÍSTA" Magazine, a must within Portuguese intellectual and cultural circles, winner of 46 of the most prestigious national and international prizes, maintained its habitual editorial calendar.
The four editions of 2011 presented the topics: "Animal [ir]racional", "Traço", "Juízo" and "Viagem".
Continuing its tradition, consolidated on its own merit over many years, we sponsored the Gala of the Foreign Press Association in Portugal (AIEP) in the "Personality of the Year Award- Marta de la Cal", in which tribute was paid to the Champalimaud Foundation.
Among the cultural events with special national relevance promoted by the Company, and due to their high media profile, we would highlight the "Fernando Namora" and "Agustina Bessa-Luís" literary awards.
The partnerships with Cascais Town Hall were maintained, with Estoril Sol (III) participating in initiatives such as "FIARTIL – International Handicrafts Fair of Estoril" and "ESTORIL JAZZ 2011".
The Oceans Auditorium of Lisbon Casino presented a diversified program with special mention going to the shows "Harlem Gospel Singers", "Momix", "The Voca People", "Concerto Só Nós Três", "Brokers", "Stomp", "Cambio de Tércio" and "É como diz o Outro".
The Arena Lounge in Lisbon Casino maintained a daily program of extremely varied live entertainment throughout the year, with performances by diverse Portuguese and foreign musical bands and with "JUKE BOX", where recognised DJ's present a variety of current musical trends. Herman José and "The Gift" were the acts chosen to headline Carnival and the New Year, respectively.
To celebrate the 5th anniversary of Lisbon Casino, the concert "Mariza convida" was held in the Arena Lounge, featuring the Fado singer Mariza as the protagonist, accompanied by four special guests, Rui Veloso, Carminho, Ricardo Ribeiro and Tito Paris.
Also in the Arena Lounge there was a cycle of "Arena Live Concerts" where various Portuguese and foreign artists performed, with special mention going to Amor Electro, Luisa Sobral, Mayra Andrade, Pedro Abrunhosa, Tiken Jah Fakoly, Nouvelle Vague PT, Deolinda and Áurea.

With the support of Lisbon Casino, institutional relations were improved with a variety of bodies, with sponsorship being awarded to many programmes and initiatives of a cultural, sporting and recreational nature, of which some examples, among others, are the exhibition of the "World Press Cartoon 2011", "Parque das Nações Literary Prize", the "Parque das Nações Photography Prize", the "Brides of Santo António" and the "Corrida do Oriente".

HUMAN RESOURCES

On 31 December 2011, Estoril Sol (III) had 650 employees, of whom 132 were women and 518 men.

Estoril Sol III - Staff						
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Corporate Structure and Social Bodies	65	65	63	60	60	44
Casinos, Gaming	572	592	589	561	509	461
Casinos, Operations	258	265	238	234	154	145
Total	895	922	890	855	723	650

Comparing the number of permanent employees in the Company at the end of 2011 with those at the end of 2010, there was a reduction of 73 jobs, all from Estoril Casino.

Under its policy of the training and enhancement of its human resources, the Company continued to hold training courses, with 10 courses being held in diverse areas, involving around 180 employees, totalling 1,654 hours of training.

Further to this there is on-the-job training for workers promoted to new duties, as well as training held under official education programs, namely those aimed at student workers, although these were not quantified.

ECONONOMIC AND FINANCIAL INFORMATION

Income, Costs and Profits

The sales made and services provided in the year, amounting to 165.4 million Euros, reflect a drop of 9.8 million Euros when compared with the accounts of 2010, basically due to the falling gaming income.

Gaming income, amounting to 159.5 million Euros, represented 96.4% of the total income for the year; the income from restaurant and entertainment, together totalling 3.8 million Euros, represented 2.3% of total income, while sundry income represented 1.3% of total income.

The company also recorded 7.1 million Euros under "Other income and gains", which is basically related with official payments and with a number of other diverse sources of income.

Total operating costs came to 161.5 million Euros in 2011, influenced by the amount paid in tax, by the decrease in the amount spent on staff, by the reduction in the amount estimated for provisions and by the contraction in depreciation in the year, fell by 9.2 million Euros in relation to the amount incurred in the previous year.

The caption "Other costs and losses" basically includes the gaming tax paid, totalling 83.5 million Euros, representing 51.7 % of total operating costs. The gaming tax paid led, as a consequence of the fall in gaming income, to a decrease of 3.7 million Euros when compared with the amount recorded in 2010.

"Staff charges" amounting to 30.4 million Euros, decreased by 2.7 million Euros compared to the previous year, corresponding to 18.8% of total operating costs.

We should point out that "Staff charges" include 5.9 million Euros referring to indemnities paid upon the termination of employment contracts by mutual agreement.

The "Amortization" caption, amounting to 21.9 million Euros, which is 2.6 million Euros less than that stated for 2010, even so represents 13.6% of total operating costs. The reduction achieved is due to the fact that,

after a period in which investments of significant amounts were made with the expansion and modernization of the casinos, the Company has now entered a less demanding cycle in terms of new investments.
The costs incurred with “external supplies and services”, which totalled 23.4 million Euros, or rather 14.5% of total operating costs, increased by 1.5 million Euros over that recorded in 2010, which is explained by the increase in costs in the subcontracts, electricity and rentals captions.
The “Provisions” caption showed a reduction in costs, amounting to 0.8 million Euros, which is due to the fact that an extra provision of 1.2 million Euros was set up in 2010 to meet the charges that it was estimated would need to be paid in relation to the employment litigation related with the process of collective dismissal, which took place in that year.
The “interest and similar costs” amounting to 5.2 million Euros, express an increase of 1.3 million Euros compared to that paid in 2010, an evolution that arises due to the significant worsening of interest rates, in spite of the expressive reduction in bank indebtedness achieved by the company.
The net results of the year, at 5.8 million Euros in the black, were particularly conditioned, as was mentioned above, by the fall in gaming revenue, - 2.7 million Euros down - and also by the non-recurrent staff costs amounting to 5.9 million Euros.
The EBDITA generated in the year, amounting to 33.3 million Euros, corresponds to a margin of 19.3%.

Tax Charge

The concession contract for the operation of the Gaming Zone of Estoril requires the Company to pay a special tax for the exercise of the activity, (annual payment), corresponding to 50% of gross annual gaming revenue, whereupon no other direct, general or local tax relating to the exercise of this activity or of any other to which the Company may be required for payment under the concession contract.
The fiscal charge to which the Company is subject, especially within the negative economic climate of recent years that has caused successive decreases in income, is now excessive – if not unbearable – on its economy, as is seen by the tax bills paid to the State. In 2011, Estoril Sol (III) and its employees contributed directly to State revenue with 89.5 million Euros, which represented 56.2 % of the turnover from gaming.

Balance Sheet

Total Net Assets at the end of 2011 came to 209.2 million Euros, 4.6% less than in the same period for 2010. This reduction, - 10.1 million Euros down - was across all classes of tangible and intangible fixed assets.
As the end of the current concession draws near, December 2020, the date on which the assets should be fully amortised, the trend for the value of Total Net Assets to reduce will become increasingly accentuated, being partially offset by the value of replacement and modernization investments which are made every year in the Casinos run by the Company.
At the end of the year tangible fixed assets represented 51.5% of total net assets, followed by intangible assets - (initial gambling concession premiums) - which represented 35.5%.
At the end of the year, net financial indebtedness totalled 83.3million Euros, of which 40.0 million related to the issue of commercial paper, 14.0 million related to medium to long term credit and 29.3 million in short term credit lines.
The company’s outstanding debt to the State at the end of the year was 25.2 million Euros, most of which referring to the annual gambling consideration for 2011 of Estoril Casino and Lisbon Casino, which is only calculated at the end of December each year and paid at the end of the first month of the following year.
“Equity” amounting to 90.2 million Euros, included 10.0 million Euros in additional capital payments. As a result of the adoption of the national accounting standards, the Accounting Standards System (SNC), Equity now includes in the sub-caption “Other variations in equity”, the amount of deferred income relating to annual tax deductions for investments made in property to be returned to the State at the end of the concession.
During the year, the Company released financial resources that allowed 5.0 million Euros in additional capital payments that it had made available in 2009 to be returned to the shareholder Estoril Sol, SGPS.

At the end of the year, the financial structure of the Company was comfortably financially solid expressed by the ratio of financial autonomy which, at that time was 43.1%.

VARZIM SOL – TURISMO, JOGO E ANIMAÇÃO, S.A.

Constitution and identification OF THE company

The Company SOPETE – Sociedade Poveira de Empreendimentos Turísticos, S.A.R.L. was incorporated on 20 September 1968 with the social object of promoting tourism and publicity for the Póvoa de Varzim tourist region; to exercise all cultural, commercial and recreational activities related with tourism, namely to build and run casinos, hotels, restaurants, swimming pools, amusement arcades, sports grounds, camping sites and similar establishments; to operate gambling and games of chance, pursuant to the laws in force; the acquisition of buildings and land for construction, land development and the selling of developed land as well as buildings.

It signed the first concession contract in the Gaming Area of Póvoa de Varzim on 3 December 1975, and this remained in effect until 31 December 1988.

A new contract was signed on 29 December 1988, which would remain in effect until 31 December 2008. This new contract was extended for another fifteen years, pursuant to Decree Law no. 275/2001, dated 14 December 2001.

On 26 October 2001, the Company changed its by-laws and its name to VARZIM SOL - TURISMO, JOGO E ANIMAÇÃO, S.A., with its social object then becoming the operation of gambling and games of chance in the places permitted at law and through the means, forms and conditions allowed for therein, with all the rights and obligations established in applicable legislation. In addition to its main object, the company may also conduct business in the tourism, hotel, restaurant and entertainment trade, as well as providing consultancy services in these areas of activity. The company may become associated with other legal persons namely to constitute companies, complementary groupings of Companies, consortiums and equity associations, as well as freely purchasing and selling shareholdings in the capital of other companies, even if these are regulated by special laws, even if the object of one and the other has no direct or indirect relationship with its social object.

It currently focuses its activity exclusively on operating the concession for gambling and games of chance in the area of Póvoa de Varzim (Póvoa Casino).

ACTIVITIES CONDUCTED

The Gaming Sector

Due to the crisis that has taken hold in recent years, and subsequent to the austerity measures imposed on the Country which have had a negative impact on employment and the disposable income of Portuguese families, the gaming sector has suffered a drop in revenue for the third consecutive year.

Póvoa Casino is not immune to this and its global income, amounting to 47 million Euros, represents a fall of 10% compared to the amount recorded in the previous year, representing a market share of 14.4%.

Artistic and cultural events and entertainment

In order to equip the casino building with the conditions of safety and climatization imposed by legal standards in force, an open tender was launched by the concessionaire, with appropriate government approval, intended to carry out the remodelling work on its premises and structural equipment.

This led to the closure of the auditorium for most of the year, which nonetheless did not prevent Póvoa Casino from putting on a number of artistic, cultural and sporting events, as required of it by the current concession contract, with the continuation of the program "Apostando nas Artes" (Counting on the Arts), put on through a number of outstanding initiatives and events, being worth a special mention.

In its sixth edition, the “Póvoa Casino Arts Prize” chose the plastic artist Graça Morais, who thus follows the painters José Rodrigues, Armando Alves, Júlio Resende, Alberto Carneiro and Nikias Skapinakis, in the list of prize winners.

This year the “Póvoa Casino Literary Prize” was awarded, in yet another encounter of “Correntes d’Escrita” (Writing Trends), to the work by Pedro Tamen, “O Livro do Sapateiro” (The Cobbler's Book).
We should also mention the sponsorship and promotion of collective painting exhibitions and the support provided in the promotion and realization of the album “Manuel Casimiro”, as well as of the books “Sete Artistas, Sete Poetas”, “Círia – O Mito de Prometeu” and “Contos Eróticos”.
Also worth highlighting is the support given to recognised entities, namely to the Abel Salazar House Museum and to the Árvore Cooperative.
Support was maintained for the publication of the magazine “Egoísta”, a project that continues to be distinguished with top national and international industry awards on account of its superb quality both in terms of graphics and content.
In spite of the constraints mentioned above, the Salão D’Ouro (Golden Hall), the main hall for shows in Póvoa Casino, presented a number of Galas featuring Michael Bolton, José Cid, David Fonseca, Luís Represas and Dulce Pontes, besides putting on plays and the holding of Thematic Gastronomic Festivals.
Lastly, we could not fail to point out the recognition of the high gastronomic standard of the restaurant “Egoísta”, the 2011 winner of the Expresso newspaper’s “Garfo de Ouro” (Golden Fork) award, the Silver Medal in the Cooking with Port Wine competition, promoted by the Douro and Port Wine Institute, and the Gold Medal in the Signature Cuisine category, in the 4th edition of the Cooking with Green Wine competition 2011, promoted by the Comissão de Viticultura da Região dos Vinhos Verdes (Wine Commission of the Vinho Verde Region).

Human RESOURCEs

During 2011, Póvoa Casino continued the process of adjusting costs to the reduction in gaming revenue and to the company’s needs, and its staffing level therefore reflected this with a decrease of 41 employees. The area that contributed most to this number was the area of F&B with 31 employees followed by the gaming area with a further 7 employees.

VARZIM SOL - Staff

	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Corporate Structure and Social Bodies	48	38	35	34	35	36	33	35	38	35
Casinos, Gaming	273	243	228	209	197	195	195	182	178	171
Casinos, Operations	174	144	126	114	105	74	95	93	85	54
Total	**495**	**425**	**389**	**357**	**337**	**305**	**323**	**310**	**301**	**260**

This level of human resources is perfectly adjusted to Póvoa Casino’s new business model, more specifically in the restaurant area. The offer is still very varied, with 4 different spaces, which are very cosy but at the same time very accessible to all of our customers, with a high level of service and product quality, providing a varied choice in line with present times. This conception allows the Salão D’Ouro (Golden Hall) to function almost exclusively for shows leaving the other spaces exclusively for dining areas. So, with greater rationalization of costs adapted to this new business model, the company can offer a wider variety of entertainment and restaurant services at prices that are much more in line with the current situation.

A brief economic and financial comment

Varzim-Sol’s accounts are shown in conformity with the national standard, SNC (Accounting Standards System).

Income, Costs and Profits

Gaming revenue, amounting to 47 million Euros, represented 93.7% of total income and is the sum of the contributions from the Slot Machines sector, 39.3 million Euros, and from the table games sector, 7.6

million Euros. When compared with the amount recorded in the previous year, income from slot machines dropped by 10.4%, with income from table games falling by 9.3%.

The income arising from tax deductions relating to the fulfilment of contractual and legal obligations under the gambling concession contract, represented 3% of total income, while income from restaurants and entertainment, totalling 0.5 million Euros, represented 1% of this total.

The main aspect concerning other income is the reduction in provisions, amounting to close to one million Euros, as the lawsuit with the Tax Authorities over a technical difference relating to VAT was resolved in the company's favour.

In relation to the cost structure, it should be pointed out that operating costs, amounting to 53.7 million Euros, showed a reduction of 3% compared to the previous year.

The four main costs captions alone represented 103% of total income:

- The tax directly related with the annual payment under the concession contract, the main cost caption, represented 47% of total income, 2.6 million Euros less than in the previous year, as a result of the drop in revenue.
- Staff charges, the second most important caption in terms of costs, represented 26% of total income, with an increase of 1.6 million Euros over the previous year. The main cause for this increase is the payment of indemnities paid upon the termination of employment contracts, namely by rescission by mutual agreement.
- The costs incurred with external supplies and services, which totalled 8.3 million Euros, form the third costs caption, representing 16.5% do total income.
- The amortization and depreciation in the period, totalling 6.8 million Euros, represented 13.5% of total income.

The net result of the period was 4,861,532 Euros in the red, and the reason for the worse situation compared to the previous year, as already mentioned, is due to the drop in income as well as the non-recurring charges in staff costs.

Aware of the recessive climate in which the Portuguese economy is plunged and its foreseeable future effects, leading to the most serious drop in revenue of the gaming sector in Casinos, it is essential to pursue a policy of tight control in the monitoring of the company's costs, the only credible way of countering the downwards trend of the market.

The EBITDA generated in the period was 3.2 million Euros.

Balance Sheet

The net assets obtained in this economic year, amounting to 69.8 million Euros, which represents growth of 7.2% over 2010. This increase is essentially due to the remodelling work on the building, carried out to comply with the new legal standards, as well as to improve the conditions of safety and comfort of its employees and customers.

The caption of intangible assets, which is made up in full by the amount of the concession contract in force, represents 57.5% of net assets.

The Company's liabilities at the end of the period increased by 1.9 million Euros, essentially due to accounts payable that have not yet been dealt with by the supervision company relating to the remodelling works that are under way.

The company's degree of financial autonomy is 48%.

Cash flow

Operational Cash Flow was 598 thousand Euros in the red, which is due to the fall in revenue from customers, of 5.4 million Euros. Added to this fact, the payment for the acquisition of new and replacement equipment and for the remodelling work in the casino, amounting to 5.3 million Euros. Due to this, it was necessary to obtain the financial means that would help to cover these operations, as well as for payment of the cost of the debt, of 1.2 million Euros, through bank financing of 2.9 million Euros and also through the realization of capital, amounting to 4.5 million Euros.

9. FINANCIAL POLICY OF THE GROUP

The Companies of the Estoril Sol Group pursue a financial policy based on the preservation of its financial independence, fundamentally based on the resources released each year.
With the support of various banks, the subsidiary use a number of variable rate financial instruments, the maturities of which are negotiated according to the foreseeable ability to release funds.

10. RISK MANAGEMENT

In the normal course of their activities the Group Companies, as concessionaires of gaming operations, are exposed to a number of risks and uncertainties, as identified below:

Physical and Contractual Risk: The companies of the Group, aiming to prevent and minimize the risk inherent to their economic activities, have specialised technical services of supervision and control, responsible for the strict fulfilment of the standards of physical safety of customers, employees and installations and also compliance with the legislation that regulates the Gaming activity in Portugal, and it should be pointed out that Portuguese Casinos are subject to the permanent supervision by the State through the Gambling Inspection Service of the Instituto de Turismo de Portugal I.P.
Periodically, with the collaboration of an external entity, risk analyses are carried out on the procedures used and on the physical safety of the assets.

Business Risk: The subsidiaries Estoril Sol (III) and Varzim Sol operate gaming concessions in Casinos. In the last few years, this operating sector has been experiencing increased technological growth, particularly focused on slot machines, which requires the ongoing renewal of the product range. The Company systematically keeps up with this evolution, visiting manufacturers, taking part in international specialty trade shows and regularly investing in new equipment.
Pursuant to the concession contracts, the Portuguese State grants concessionaries exclusive rights to gambling and operations of games of chance, in exchange for high initial payments and high annual tax rates. Nevertheless, the Portuguese State has proven to be unable to regulate its citizens' access to countless online casinos that abound today and which constitute a growing factor of unfair competition, both because they account for a significant increase in illicit supply and because they constitute a flagrant source of tax evasion.
The Group Companies continued, 2012, whether through the Portuguese Association of Casinos or directly, to call the Portuguese Government's attention to the need to take legislative measures to prevent this situation, following the example of significantly effective measures taken in the USA and in Norway, thereby ensuring compliance with commitments pertaining to the exclusive right to gaming operations, as contractually assumed by the State.

Financial Risk: The significant investments that the Group Companies have made in recent years, among which we would draw attention to the amount paid for the extension of the concession contracts of the zone of Estoril and Póvoa de Varzim, the initial payment made relating to Lisbon Casino and the investments made pertaining to the renewal, modernization and expansion of the Casinos, have, in the recent past, involved increased indebtedness which, combined with the changes in market interest rates, resulted in increased financial costs and a potential liquidity risk.
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.

Credit Risk: Portuguese legislation forbids casino concessionaries from granting credit to gaming activities, and so, in this regard, Group Companies are not exposed to credit risk. Other revenue from restaurant and entertainment activities, which account for only 1,0% of revenue, therefore represents insignificant exposure.

Exchange rate Risk: All operations are carried out in Euros, with the exception of some current imports, which periods of no more than 45 days, which are conducted in US Dollars, and so the Company has only minimal exchange rate exposure.

11. PROSPECTS

Given the recessive character of the Portuguese macroeconomic environment, which has inevitably reduced people’s disposable income and hasled to a contraction in domestic demand, rising unemployment and the freezing of salaries, a rise in interest rates and restricted access to credit, the sector of activity in which the Group Companies operate can be expected to continue to reflect the effects of the financial and economic crisis in which our economy is plunged.

It would therefore be prudent and realistic to foresee, for an indefinite period and to an indefinite degree, the continuation of the downturn in activity of Portuguese casinos and, namely of the casinos run by the Estoril Sol Group, due to the prolonged reduction in their respective revenues, a fact which, by itself, is evidence of the flagrant economic and financial imbalance of the concession contracts negotiated with the State, all of which were based on the assumption of year-on-year growth in revenue until the end of each contract!!!

Within this context, the Group Companies will need to step up their efforts, both directly and through the Portuguese Association of Casinos, to make the responsible ministry and Government aware of the need to urgently review these concession contracts, aiming to restore their economic and financial balance, besides the Government’s pressing intervention measures aimed at curtailing the unfair competition of online gambling, which, besides violating their operational exclusivity regarding games of fortune, has, over the last decade, led to unrecoverable losses for Portuguese Casinos and, specifically, for those of the Estoril-Sol Group.

Internally, the need for the Group Companies to continue to give priority to cost reduction measures is decisive, pursuing a very careful selection of the investments to be made in 2012, in the expectation that the effect of this, together with the savings arising from the rationalization measures in progress, will lead to a healthy economic and financial balance.

12. DECLARATIONS

- Debts to the Social Security

Pursuant to the provisions in article 21 of Decree Law no. 411/91, of 17 October, the Companies of the Group have no outstanding debts to the Social Security.

- Declaration of true, complete and appropriate information

The members of the Board of Directors of Estoril-Sol, S.G.P.S., S.A. assume responsibility for the veracity of the information contained in this Annual Report, certifying that that there are no omissions that they are aware of, which faithfully portrays the evolution of the business, performance and position of the company and of the companies included in the consolidation perimeter, and that it contains an appropriate description of the main risks and uncertainties that face the companies of the Group. The individual and consolidated financial statements, prepared in conformity with the applicable accounting standards, reflect a true and appropriate image of the assets and liabilities and of the financial situation and results of the issuer, as well as of the companies included in the consolidation perimeter.

13. SUBSEQUENT FACTS

Between the 31st of December 2011 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. and the other Companies of the Group.

14. CONDOLENCES

Sra. D. Henriqueta Espírito S. Rosa Santos, who was a former Director of the company, passed away at the start of the year.
We also have to report the loss in July of Sr. Dr Manuel Joaquim Telles, a former Director who had been Chairman of the Board of Directors of Estoril Sol.
We would like to pass on our deepest regrets to the bereaved families.

15. ACKNOWLEDGMENTS

The Board of Directors wishes to publicly express its thanks to all those who cooperated with us during the year, namely to the the Members of all the Corporate Offices and to the Workers of the Group Companies.

We should also emphasise the comprehension always present in the dialogue with the Members of the related Government Offices, as well as with the Head of Turismo de Portugal I.P., of the Gambling Inspection Service, the Town Halls of Cascais and Póvoa de Varzim, Lisbon City Hall, entities with which we have always enjoyed a systematic and profitable relationship.

We would also like to thank the cooperation from Credit Institutions and all Official Bodies we have contacted.

Estoril, 11th of April, 2011

The Board of Directors

- Chairman	- Stanley Hun Sun Ho
- Vice-Chairmen	- Wuen Wing Ming Patrick
	- Mário Alberto Neves Assis Ferreira
- Directors	- Pansy Catilina Chiu King Ho
	- Ambrose So
	- Man Hin Choi
	- Vasco Esteves Fraga
	- António José de Melo Vieira Coelho
	- Jorge Armindo de Carvalho Teixeira

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GOVERNANCE REPORT

INTRODUCTION

A. General background

Pursuant to Regulation no. 1/2010 of the Securities and Exchange Commission (CMVM) on the governance of listed companies, it is mandatory for these companies to prepare a governance report in order to provide information to the market on corporate governance practices.

Estoril-Sol, SGPS, SA, ("Estoril-Sol" or "Sociedade"), being a commercial company admitted for public trading, is subject, not only to the general rules of the Commercial Companies Code (CCC), but also and specifically, to the Securities Code (SC) and also the regulations issued by the supervisory authorities of regulated markets, besides all the legislation and other applicable regulations.

The Company prepares this governance report, in fulfilment of the legal requirements of article 245-A of the SC and regulations of Regulation no. 1/2010 of the CMVM. This report on the governance of the Company represents a description of the corporate structure of Estoril-Sol and of its corporate practices, with the aim of providing information to the market on the scope of the policy of transparency that Estoril-Sol has been practising over the years.

Besides the obligatory disclosure on the site of the CMVM, Estoril-Sol keeps its institutional website (www.estoril-solsgps.com) fully operational, disclosing relevant information on corporate matters to investors and to the public in general.

B. Corporate Governance Model of Estoril-Sol, SGPS, SA.

In 2007 the Company adopted the model of governance commonly known as the classic model, the organic structure of which is basically centred on the existence of an executive body, the Board of Directors, a collegiate structure which is jointly responsible for the decisions that it adopts, and a supervisory structure comprising a Audit Board and by a Statutory Auditor who is not a member of the Audit Board, within the terms of line b) of no. 1 of Article 413 of the CCC.

When it opted for this model, the Company, supported by the desire of its shareholders, did so in a pondered manner which is coherent and in line with its social interests, its shareholder structure and its importance and representativity in the market, as it understood that this was the model that would most rationally and efficiently help to pursue the objectives of the Company and of the group of activities that it performs.

The consideration taken by the Company in 2007 and which has been critically analysed over time, leads the Board of Directors to reaffirm that the model chosen at that time continues to be the one that is the most efficient, appropriate and in line with the Company's activity and with the objectives that it pursues, and, during the year in question, no factors have occurred that might justify the introduction of any alteration to the model or to justify the adoption of a different organizational model.

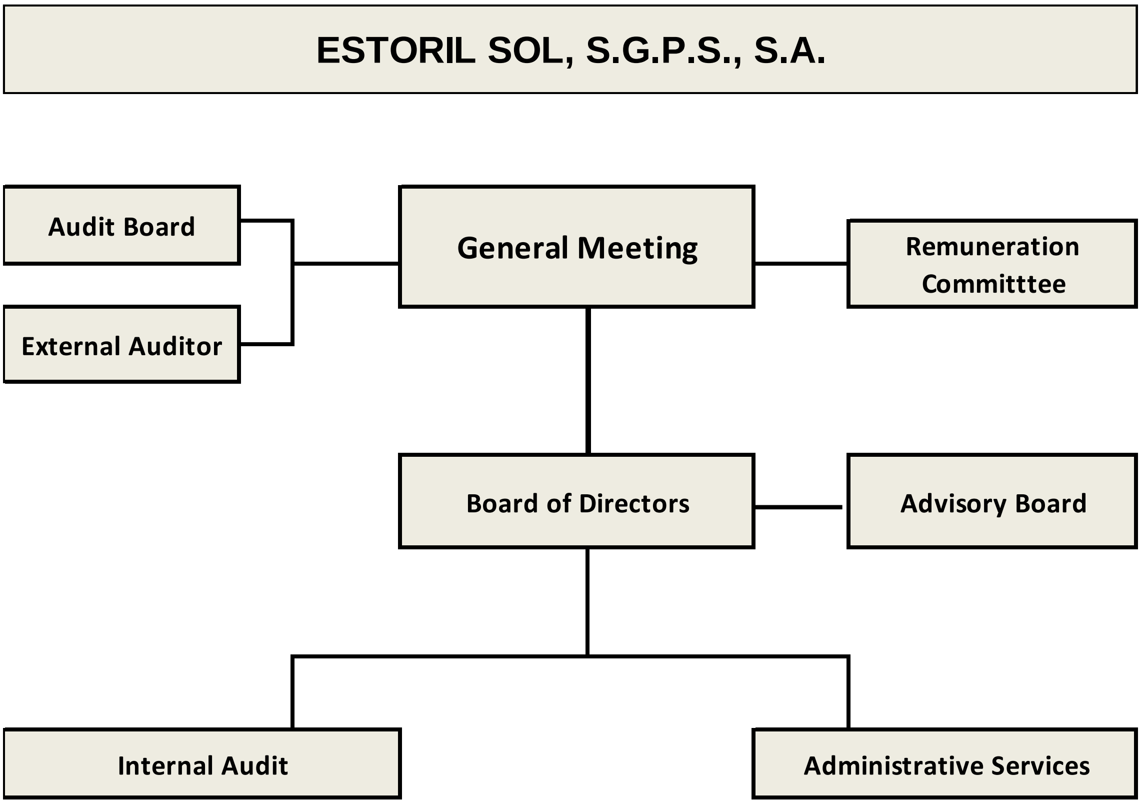
The Company's Articles of Association incorporate the mechanisms appropriate to fulfilling the fundamental principles of good corporate governance, which include the principles of transparency, of the separation of functions, of the prevention of conflicts of interest and of the specialization of supervision and control.

As mentioned, the model adopted resulted in the definition of a system of corporate governance in which the administration and management of the company are attributed to the Board of Directors, and the supervision and monitoring of the its activity is carried out by a Audit Board made up from persons of recognised technical competence, as well as by a Statutory Auditor, who is not a member of the Audit Board and who is responsible for auditing the financial statements of the Company.

The model created is based on an organic balance that results from the consideration of the role of the Shareholders on the choice of the Board of Directors and of the supervisory body and arises out of the need to provide the efficient and professional management that will help to develop the company's business. In this regard, the collective of the shareholders has the competence to elect the Board of Directors and the Audit Board and the Statutory Auditor.

In order to gain a better understanding of the way in which Estoril-Sol is organised and the way it operates in terms of corporate governance, the Company makes its updated Articles of Association available to the public in general on the respective website (www.estoril-solsgps.pt).

C. Corporate Offices of the Company



CHAPTER 0

DECLARATION OF COMPLIANCE

Article 2 of Regulation no. 1/2010 of the CMVM imposes the communication and disclosure of information on the structure and corporate governance practices of listed companies, in compliance with article 245-A of the SC.

Within the terms of Article 1.1 of Regulation no. 1/2010 of the CMVM on the Corporate Governance of listed companies, Companies that issue shares admitted for trading on a regulated market located or operating in Portugal should adopt the Corporate Governance Code divulged by the CMVM or an equivalent code.

Estoril-Sol adopted the Corporate Governance Code divulged by the CMVM on the Recommendation on Listed Companies of September 2007, having subsequently adopted the model disclosed in 2010.

On the other hand, Estoril-Sol, in the preparation of this document, also considered the recommendations in the Circular of the CMVM of 5 March 2012 on the sending and publication of the annual accounts documents, in particular that which is established in Point 2.12, “Corporate Governance”.

0.1. Indication of the location where the texts of the codes of corporate governance to which the issuer is subject are available to the public and, as appropriate, those which the issuer voluntarily abides by.

The Code of Governance adopted by Estoril-Sol is available publicly at:
http://www.cmvm.pt/CMVM/Recomendacao/Recomendacoes/Soccot/Soccot_Set2007/Documents/f6bac7142a7447fa89b0e8f3d91bea0bCodigoGS15022008_2_.pdf

Besides the Corporate Governance Code divulged by the CMVM, Estoril-Sol is not subject to any other codes of governance or codes of conduct which it voluntarily abides by.

0.2. Detailed indication of the recommendations adopted and not adopted in the Corporate Governance Code of the CMVM or in another that the Company has decided to adopt.

The Company fulfils most of the recommendations on governance included in the Code of Governance adopted by it. However, the Company believes that the Code of Governance divulged by the CMVM and adopted by Estoril-Sol refers to commercial public companies the dimension and social purpose of which and, mainly, the degree of dispersion of the respective capital on the market do not correspond to the concrete and stable characteristics of Estoril-Sol.

In fact, and in particular the circumstance of the free-float (capital dispersed on the market) being around 3.5 % of the share capital, necessarily has consequences in terms of the concrete appropriateness of the Company’s model of governance, justifying the inappropriateness of the adoption or application of some recommendations of the Code of Governance divulged by the CMVM and adopted by Estoril-Sol which consider and use as a reference public companies with very different characteristics for those of Estoril-Sol.

Below, the recommendations stated in the Code of Governance adopted by Estoril-Sol are set out, respecting the rule comply or explain – individual indication of whether the recommendations are adoption in full / not adopted / or of their applicability, always with a reasoned justification for the non-adoption or non-applicability of the respective recommendations.

CODE OF GOVERNANCE

I. GENERAL MEETING

I.1 BOARD OF THE GENERAL MEETING

I.1.1 The Chair of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the Company into consideration.
Recommendation adopted.

I.1.2 The remuneration of the Chair of the General Meeting Board shall be disclosed in the Company's annual report on corporate governance.
Recommendation adopted (viz. Chapter 1, I.3)

I.2 PARTICIPATION IN THE GENERAL MEETING

I.2.1 The obligation to deposit or block shares before the General Meeting, contained in the articles of association, shall not exceed 5 working days.
Recommendation adopted (article 10, no. 19 of the articles of association).

I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.
Recommendation adopted.

I.3 VOTING AND EXERCISING VOTING RIGHTS

I.3.1 Companies may not impose any statutory restriction on postal voting.
Recommendation adopted.

I.3.2 The statutory deadline for receiving early voting ballots by mail shall not exceed 3 working days.
Recommendation not adopted.

Justification:

Within the terms of Article 10.6 of the Articles of Association of Estoril-Sol, the statutory deadline for receiving early voting ballots is 5 working days. Given the narrow dispersion of the share capital of Estoril-Sol, the history of the constitutive quora of the General Meeting of the Company and the fact that no shareholder used postal voting in 2010, there are no substantial reasons to alter the articles of association for this recommendation.

1.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.
Recommendation not adopted.

Justification:
Within the terms of Article 10.3 of the Articles of Association of Estoril-Sol, each hundred shares corresponds to one vote.
The concrete shareholder structure of the Company does not require the alteration of this provision. However, this is a recommendation that could be implemented in a future revision of the by-laws.

I.4 QUORUM AND RESOLUTIONS

I.4.1 Companies shall not set a constitutive or deliberating quorum that outnumbers that which is prescribed by Law.

Recommendation adopted.

Justification:

In fact, article 13, no. 3 of the Articles of Association require a bigger deliberating quorum than that contemplated at law for the election of the Remuneration Committee and of the Advisory Board, given that we are dealing with deliberations concerning the election of strategic offices, which in fact are very close to the Board of Directors.

I.5 MINUTES AND INFORMATION ON RESOLUTIONS PASSED

I.5.1 The minutes of the General Meetings shall be made available to shareholders on the company's website within a 5 day period, irrespective of the fact that such information may not be legally classified as material information. The list of attendees, agenda items of the minutes and resolutions passed during such meetings shall be kept on file on the company's website for a 3 year period.

Recommendation adopted.

I.6 MEASURES ON CORPORATE CONTROL

I.6.1 Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principal, provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.

Recommendation not applicable.

I.6.2 Defensive measures shall not be adopted that automatically cause a serious asset erosion in the company in the event of the transition of control or change of the composition of the Board of Directors, thereby prejudicing the free transmission of the shares and the voluntary performance assessment by the shareholders of the members of the Board of Directors.

Recommendation adopted.

The articles of association of Estoril-Sol do not allow for a limitation on the number of votes that may be held or exercised by a single shareholder.

II. MANAGEMENT AND AUDIT BOARDS

II.1. GENERAL POINTS

II.1.1.STRUCTURE AND COMPETENCE

II.1.1.1 The Board of Directors shall assess the adopted model in its governance report and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.

Recommendation adopted.

II.1.1.2 Companies shall create internal control and risk management systems, to safeguard the company's worth and in favour of the transparency of its corporate governance, which will help to identify and man-

age risk. These systems should include, at least, the following components: i) establishing the company's strategic objectives as regards risk assumption; ii) identification of the main risks related to the concrete activity undertaken and any events that might generate risks; iii) analysis and measurement of the impact and of the probability of occurrence of each of the potential risks; iv) risk management aimed at aligning the risks effectively incurred with the company's strategic option regarding the assumption of risks; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal information and communication mechanisms on the diverse components of the system and on risk alerts; vii) periodic assessment of the system implemented and adoption of the modifications that are deemed necessary.

Recommendation not adopted.

Justification:

The size of the Company, on the one hand, the fact that risk in the sector of activity in which Estoril-Sol operates is not as relevant as in other sectors, on the other hand, and, lastly, the absence of any historic records of situations of effective risk, leads Estoril-Sol to conclude that no risk has ever materialised, and therefore, the mechanisms of risk identification, control and management that have always existed in the Company are maintained. It is therefore understood that there are no reasons to justify this recommendation being adopted in the exact terms in which it is put here.

II.1.1.3 The The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems, with the Audit Board being responsible for assessing the functioning of these systems and proposing the respective adjustment to the company's needs.

Recommendation adopted.

II.1.1.4. Companies shall, in the annual report on Corporate Governance: i) identify the main economic, financial and legal risks that the company is exposed to in the exercise of its activity; ii) describe the operation and efficacy of the risk management system.

Recommendation adopted.

II.1.1.5. The Board of Directors and the Audit Board should have regulations for their operation which should be disclosed on the company's website.

Recommendation not adopted.

Justification:

The Board of Directors and the Audit Board follow the best operating practices based on criteria of responsibility and professionalism, even though they have not adopted formal operating regulations, the preparation of these regulations is planned for the near future.

II.1.2 GOVERNANCE INCOMPATIBILITY AND INDEPENDENCE

II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.

Recommendation not applicable.

Justification:

This recommendation is not adopted in as much as it is not applicable to the model of governance adopted by Estoril-Sol. Although the Articles of Association allow for the possibility of setting up an Executive Committee, Estoril-Sol has not delegated the current management of the Company to an Executive Committee.

II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Directors.

Recommendation not applicable.

Justification:

This recommendation is not adopted in as much as is not applicable to the model of governance adopted by Estoril-Sol. Although the Articles of Association allow for the possibility of setting up an Executive Committee, Estoril-Sol has not delegated the current management of the Company to an Executive Committee.

II.1.2.3. The assessment of the independence of its non-executive members performed by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the regime of incompatibilities applicable to the members of the other corporate offices, ensuring orderly and sequential coherence in the application of the criteria of independence to the whole company. A director who, in another corporate office, cannot assume this capacity owing to the applicable standards, shall not be considered independent.

Recommendation not adopted.

Justification:

This recommendation is not adopted in as much as it is not applicable to the model of governance adopted by Estoril-Sol. Although the Articles of Association allow for the possibility of setting up an Executive Committee, Estoril-Sol has not delegated the current management of the Company to an Executive Committee.

II.1.3 ELIGIBILITY CRITERIA FOR APPOINTMENT

II.1.3.1 Depending on the applicable model, the Chair of the Audit Board, the Audit Committee or the Financial Affairs Committees shall be independent and be adequately capable to carry out its duties.

Recommendation adopted.

II.1.3.2 The selection process of candidates for non-executive directors shall be conceived so as to prevent interference from executive directors.

Recommendation not adopted.

Justification:

This recommendation is not adopted in as much as is not applicable to the model of governance adopted by Estoril-Sol. Although the Articles of Association allow for the possibility of setting up an Executive Committee, Estoril-Sol has not delegated the current management of the Company to an Executive Committee, which for this reason, means that there is no “process of selection of candidates for non-executive directors”.

II.1.4 POLICY ON THE REPORTING OF IRREGULARITIES

II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports should contain the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.

Recommendation not adopted.

Justification:

Although the Company has an internal audit board that analyses the reporting of irregularities that come to the knowledge of the Board of Directors with total confidentiality, the Company has not yet formalised a policy on the reporting of irregularities, but intends to do so in the near future.

II.1.4.2 The general guidelines on this policy should be disclosed in the corporate governance report.

Recommendation not adopted (viz. previous justification).

II.1.5 REMUNERATION

II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so that the interests of the former will be aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations should be structured as follows:

i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity;

ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components.

iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period.

iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company;

v) Up to the end of their mandate, executive directors should keep the shares of the company that they acquired under variable remuneration schemes, up to the limit of twice the value of their total annual remuneration, with the exception of those which need to be sold for the payment of taxes on the gains of said shares;

vi) When the variable remuneration includes stock options, the period for exercising these shall be deferred for a period of not less than three years;

vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance.

viii) The remuneration of Non-Executive Board Members shall not include any component the value of which is subject to the performance or the value of the company.

Recommendation partially adopted.

Justification:
This recommendation is considered to be only partially adopted, in general, given that some of its lines are not applicable, namely:
(i) the remuneration of the members of the Board of Directors is fixed only, not contemplating a variable part; and (ii) the Company did not delegate powers to an Executive Committee, which is why all of the references to executive / non-executive directors do not apply.

II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so that the interests of the former will be aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations should be structured as follows:

i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity;

ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components.

iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period.

iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company;

v) Up to the end of their mandate, executive directors should keep the shares of the company that they acquired under variable remuneration schemes, up to the limit of twice the value of their total annual remuneration, with the exception of those which need to be sold for the payment of taxes on the gains of said shares;

vi) When the variable remuneration includes stock options, the period for exercising these shall be deferred for a period of not less than three years;

vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance.

viii) The remuneration of Non-Executive Board Members shall not include any component the value of which is subject to the performance or the value of the company.

Recommendation partially adopted.

Justification:

This recommendation is considered to be only partially adopted, in general, given that some of its lines are not applicable, namely:

(i) the remuneration of the members of the Board of Directors is fixed only, not contemplating a variable part; and (ii) the Company did not delegate powers to an Executive Committee, which is why all of the references to executive / non-executive directors do not apply.

II.1.5.2 A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination by agreement of the Directors' duties.

Recommendation partially adopted

Justification:
This recommendation is considered to be only partially adopted, given that the remuneration policy in force in Estoril-Sol does not contemplate any specific aspects in respect of payments relating to the dismissal or cessation by agreement of directors, and therefore for all due purposes, the suppletive legal regime shall be understood to be applicable.

II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the directors' remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.

Recommendation not applicable.

Justification:
The remuneration of senior management within the meaning of article 248-B/3 of the Securities Code is fixed. Nevertheless, the declaration on the policy of remuneration of the directors is detailed and takes into account the long term performance of the company, compliance with the standards applicable to the company's activity and contention in the taking of risks.

II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Board of Directors, the Audit Board and other senior management, within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall be accompanied by the regulations of the plan or, if these have not yet been drawn up, by the general conditions that this should follow. Similarly, the main characteristics of the system of retirement benefits for members of the Board of Directors, the Audit Board and other senior management, within the context of Article 248/3/B of the Securities Code, shall also be approved in a General Meeting.

Recommendation not applicable.

Justification:
There is no plan to award shares, and/or options for the acquisition of shares to members of the Board of Directors, the Audit Board and other senior management, within the context of Article 248/3/B of the Securities Code. In 2010 no new systems of benefits of retirement were set up, under which the members of the Board of Directors, the Audit Board and other senior management, within the context of Article 248/3/B of the Securities Code, would benefit.

II.1.5.6 At least one representative of the remunerations committee shall be present in the Annual General Meetings of Shareholders.

Recommendation adopted.

II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.

Recommendation adopted.

Note: The recommendation was considered to be adopted, even though no disclosure has been made: during 2011 no pension rights were acquired. Even though a provision has been set up for the respective amount, in compliance with the applicable accounting rules, the "provision for retirements under contract" that was disclosed to the market by Estoril-Sol does not confer any effective or provisional right to a pension, because upon decease they do not pass on to the potential future office holders. In respect of this point we would also refer to Point II.33 below.

II.2. BOARD OF DIRECTORS

II.2.1 Within the limits established by Law for each Management and Supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties should be identified in the Annual Report on Corporate Governance of the Company.

Recommendation not applicable.

Justification:
Even though it may be admitted that Estoril-Sol is a company with a substantial turnover, bearing in mind the characteristics of the Company, the company's social object, the organizational structure of the group of companies whose shareholdings are managed by it and the composition of its Board of Directors, the delegation of its day-to-day management is not justified.

II.2.2 The Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.

Recommendation adopted.

II.2.3 Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report of the Company.

Recommendation not applicable.

Justification:
There is no differentiation between executive and non-executive directors in Estoril-Sol.

II.2.4 The annual management report shall include a description of the activity carried out by the non-executive Board Members and shall mention any restraints encountered.

Recommendation not applicable.

Justification:
This recommendation is not adopted in as much as is not applicable to the concrete case of Estoril-Sol, as there is no differentiation between executive directors and non-executive directors in Estoril-Sol.

II.2.5. The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on this in the Annual Corporate Governance Report.

Recommendation not applicable.

Justification:
This recommendation is not adopted in as much as is not applicable to the concrete case of Estoril-Sol, as the areas of responsibility are not distributed among the members of the Board of Directors of Estoril-Sol and, for this reason, there is no rotation.

II.3 CHIEF EXECUTIVE OFFICER, EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS

II.3.1 When Directors that carry out executive duties are requested by other Board Members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.

Recommendation adopted.

Note: The members of the Board of Directors all provide the information that is required of them, in good time and adequately. Never has any other corporate office, or any of the respective members, noted otherwise, namely saying that they were not provided with the required information in good time and adequately.

II.3.2 The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, when applicable, to the Chair of the Audit Board or the Audit Committee.

Recommendation not applicable.

Justification:
This recommendation is not adopted, in as much as is not applicable, given that Estoril-Sol has not delegated the day-to-day management of the Company to an Executive Committee.

II.3.3 The Chair of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and to the Chair of the Financial Affairs Committee.

Recommendation not applicable.

Justification:
The Estoril-Sol's model of governance is based on the traditional Portuguese model (also known as the "Latin model"), which comprises a Board of Directors and an Audit Board.

II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND AUDIT BOARD

II.4.1 Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out on an on-going basis, the assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.

Recommendation not applicable.

Justification: The model of governance adopted by the Company is based on the "Latin model" which comprises a Board of Directors and an Audit Board.

II.4.2 The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Affairs Committee, the Audit Committee and the Audit Board shall be disclosed on the company's website together with the financial statements.

Recommendation adopted.

II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Affairs Committee, the Audit Committee and the Audit Board shall include a description on the supervisory activity and shall mention any restraints that they may have come up against.

Recommendation adopted.

II.4.4 The general and supervisory board, the audit committee and the audit board, according to the applicable model, shall represent the company, for all purposes, before the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the respective reports.

Recommendation adopted.

Note: The Audit Board proposes the Statutory Auditor to be appointed in this regard and performs all of the "liaison" between the Statutory Auditor and Estoril-Sol, and so it is understood that the conditions of hiring and all of the care taken so as to provide the right conditions for the provision of the services are ensured, in fact and as recommended, by the Audit Board.

II.4. According to the applicable model, the general and supervisory board, the audit committee and the audit board, shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever there are justifiable grounds for this purpose.

Recommendation adopted.

Note: The Audit board has, in fact, this competence and naturally fulfils it. The recommendation is considered to be adopted in as much as the Audit board makes its annual assessment and has never proposed the dismissal of the Statutory Auditor to the General Meeting of Estoril-Sol merely because there has never been just cause for this purpose.

II.4.6 The internal audit services and those who ensure compliance with the rules applicable to the company (compliance services) should functionally report to the audit committee, to the general and supervisory board or, in the case of companies that adopt the Latin model, to that ensure compliance with the rules applicable or to the audit board, regardless of the hierarchical relationship that these services have with the executive management of the company.

Recommendation adopted.

Note: The internal audit services and those who ensure compliance with the rules applicable to Estoril-Sol report on its activity and conclusions to the Audit board.

II.5. SPECIAL COMMITTEES

II.5.1 Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the general and supervisory board, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; iii) in due time identify potential candidates with the high profile required for the performance of director's duties.

Recommendation not applicable.

Justification:

Even though it may be admitted that Estoril-Sol is a company with a substantial turnover, bearing in mind the characteristics of the Company, the company's social object, the organizational structure of the group of companies whose shareholdings are managed by it and the composition of its Board of Directors, the delegation of its day-to-day management is not justified. This recommendation is not adopted in as much as is not applicable to the concrete case of Estoril-Sol, as there is no differentiation between executive directors and non-executive directors in Estoril-Sol.

II.5.2 Members of the Remuneration Committee or equivalent shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.

Recommendation partially adopted.

Justification:

Estoril-Sol's Remuneration Committee actually comprises three members who are shareholders elected by the General Meeting, two of whom are members of the Board of Directors comprising 9 members. Given the structure of the company and given that the percentage of the free-float is clearly small, the Company believes that the said formal independence does not exist, but considers it to be partially adopted in as much as the members of the Remuneration Committee have knowledge and experience in matters of remuneration policy.

II.5.3 Any natural or legal person which provides or has provided, over the past three years, services to any structure reporting to the Board of Directors, to the Board of Directors of the company itself or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration committee in the performance of its functions. This recommendation also applies to any natural or legal person who has an employment contract or provides services.

Recommendation adopted.

Note: Notwithstanding the information already provided that some of the members of the Remuneration Committee are shareholders and members of the Board of Directors, it is understood that this recommendation was adopted in as much as the Remuneration Committee did not hire, to assist it in the performance of its functions, any natural or legal person that provides or has provided, in the last three years, services to any structure reporting to the Board of Directors, to the Board of Directors of the company itself or which has an actual relationship with the company's consultant.

II.5.4 All the Committees shall draw up minutes of the meetings held.

Recommendation adopted.

Note: The only committee set up in Estoril-Sol is the Remuneration Committee – which prepares minutes of its meetings -, there being no specialised committees.

INFORMATION AND AUDITING

III.1 GENERAL DISCLOSURE DUTIES

III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.

Recommendation adopted.

III.1.2 The following information that is made available on the company's Internet website shall be disclosed in the English language:

a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code;

b) Articles of association;

c) Credentials of the members of the Board of Directors and the Market Liaison Officer;

d) Investor Assistance Unit – its functions and access tools;

e) Accounts Reporting documents;
f) Half-yearly calendar on company events;
g) Proposals sent through for discussion and voting during the General Meeting;
h) Notices convening General Meetings.

Recommendation not adopted.

Justification:
Estoril-Sol discloses all of its information in the Portuguese language, but only part is available in English. In every case, the Company is planning, in the near future, to also make all information available in the English language.

III.1.3 Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.

Recommendation adopted.

Note: Even though it may be admitted that the same Statutory Auditor has provided services for more than two or three mandates, it is understood that this fact does not mean that we cannot consider the recommendation to be adopted, taking into consideration that the Statutory Auditor's representative who provides the services of Estoril-Sol is the person responsible for the powers of auditing Estoril-Sol, and was elected for four years in the General Meeting of 29 April 2008, upon the proposal of the Audit board

III.1.4 The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board.

Recommendation adopted.

III.1.5 The company shall not recruit the external auditor for services other than audit services, nor any entities with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report.

Recommendation adopted.

IV. CONFLICTS OF INTEREST

IV.1 SHAREHOLDER RELATIONSHIP

IV.1.1. Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.

Recommendation adopted.

IV.1.2. Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions of its intervention shall be established by the Supervisory Board.

Recommendation not adopted.

Justification:
There being no materially relevant deals with holders of qualifying holdings, or entities with which they have any relationship, there was clearly no need to obtain any prior opinion from the supervisory body for this purpose. With regard to the procedures and criteria necessary for the definition of the relevant level of significance of these deals and the other terms of their intervention, taking into consideration the specific aspects of Estoril-Sol, namely its shareholder structure, to date there has been no formalization of these procedures and conditions, even though all and any deals of the company, regardless of the respective relevance, assume the necessary safeguard of the interests of all the shareholders of Estoril-Sol.

0.3. Overall assessment of the degree of adoption of the recommendations considered in the Code of Governance adopted by the Company, within the terms of the Regulation no. 1/2010 of the CMVM

As mentioned above, the Code of Governance recommended by the CMVM and adopted by the Company relates to public companies with very different characteristics to those of Estoril-Sol. The specific characteristics of Estoril-Sol - in particular with regard to the concentration of 96.1% of its capital into two shareholders - naturally condition the basis of justification of the CMVM's recommendations and therefore also its application.

In fact, the recommendations in the Code of Governance were conceived for large companies, with a reasonable dispersion of capital and liquidity associated to the securities.

The dimension of Estoril-Sol, with a staff of 16 people, of which 9 are directors and 3 are members of the Audit Board, its concrete and stable shareholder structure, among other factors, mean that some of these recommendations are not applicable or that their implementation is effectively conditioned by the shareholders that hold around 96.1% of the capital of the Company.

In any case, and always within this context, Estoril-Sol has been and will continue to strive to improve the implementation of the recommendations of the Code of Governance divulged by the CMVM, so as to maximise the transparency of its information to the market, taking into account not only the interests of the shareholders but also the interests of other investors and the interests of the Company itself.

In this way, and considering its particular characteristics, the Company considers that the degree of adoption of the recommendations of the CMVM is appropriate.

0.4. When the structure or the corporate governance practices deviate from the CMVM's Recommendations or from other Corporate Governance Codes that the company is subject to or had voluntarily applied to, the company shall explain which parts of each code have not been complied with and the reasons therefore, and other relevant observations, as well as the clear part of the Report where that description can be found.

Viz. justifications given in relation to point 0.2 above.

Nevertheless, it is understood that the "comply or explain" rule, together with other factors, also serves to contribute not only to the preparation of rankings, statistics, economic or other studies, but also to help verify the understanding of Companies concerning the models of governance and recommendations of "best current practices".

It is within this framework that Estoril-Sol's contribution is to call attention to the fact that the CMVM's Code of Governance does not take public companies with a special concentration of capital and a very small free-float into account, as is the case here.

CHAPTER I

GENERAL MEETING

The General Meeting is the highest office of the Company, representing the will of the shareholders with voting rights, within the terms of the Articles of Association.
The election, composition, competence and the operation of the General Meeting of Estoril-Sol, SGPS, SA, is governed by the its Articles of Association and by the provisions of the CCC and of the SC.

The shareholders who attend the General Meeting are responsible, on an organic level, for electing and removing the Chairman and the Deputy Chairman of the Board, the members of the Board of Directors and the Audit Board, the Statutory Auditor, the members of the Remuneration Committee and the Advisory Board, as well as, on a material level, approving the annual report and accounts, the proposal for the application of profits and the opinion of the Audit Board, deciding on the alterations to the Articles of Association, among others.

The General Meeting also takes decisions on any matter for which it has been convened and on all issues that are especially attributed to it at law or by the Articles of Association, as well as on issues that are not included in the duties of other offices of the Company.

The calls to meeting and the operation of the General Meetings of the Company will always fully comply with the provisions of the Articles of Association of the Company as well as the legal imperatives applicable.

I.1. Identification of the members of the Board of the General Meeting

The Board of the General Meeting, pursuant to Article 11 of the Articles of Association, comprises a Chairman, a Deputy Chairman and a Secretary, or only a Chairman and a Secretary, as decided by the General Meeting, who may or may not be shareholders. If there is a Deputy Chairman, he will replace the Chairman in his absence and impediment.

The composition of the Board of the General Meeting is currently as follows:

Chairman: ……	Dr. Daniel Proença de Carvalho
Deputy Chairman:	Dr. Jorge Manuel Rodrigues Vultos Sequeira
Secretary:………	Dr. Tiago Valada Rosa Mendes

The Chairman of the Board of the General Meeting, in performing its duties, receives the collaboration of the other members of the Board and of the services of the Company that are at his entire disposal to attend to his requests and to help him in the preparation and the practice of all the acts within his power.
We would draw attention to the collaboration provided in the preparation and realization of the General Meetings, and especially, the very close collaboration of the Administrative and Financial Board and of the Legal Services Board.

I.2. Indication of the commencement and end of the respective mandates

The Chairman, the Deputy Chairman and the Secretary of the Board were elected in the General Meeting of 20 April 2007, to complete the time remaining from the previous mandate that was still in hand, and were re-elected in the General Meeting of 29 April 2008 to perform their duties in this mandate, corresponding to the period of four years that commenced on 1 January 2008 and that will end on 31 December 2011.

I.3. Indication of the remuneration of the Chairman of the Board of the General Meeting

The annual remuneration of the Chairman of the Board of the General Meeting is € 5,000.00, and was set by the Remuneration Committee as per Minutes no. 24 of 6 June 2007.

I.4. Indication of the prior notice for the deposit or share-blocking for participation at the General Meeting

Following the transposition into Portuguese Law of Directive 2007/36CE, of the European Parliament and of the Council, of 11 July 2007, through Decree Law no. 49/2010, of 19 May, which, inter alia, amended the SC, companies that issue shares admitted for public trading were no longer allowed to require their shareholders to block the respective shares in order to check the ownership of the voting rights (viz. article 23-C of the SC, in its current wording).

In this regard, given that the capacity to take part and to vote in General Meetings depends on the "date of register" which should correspond to 0h (GMT) of the 5th day of trading prior to the holding of the meeting, one can no longer strictly speak of "share-blocking", given that it is now possible to sell shares in the five days before the General Meeting without losing voting rights.

According to the provisions in article 10.1 of the Articles of Association of Estoril-Sol, SGPS, SA, it was established, in accordance with and with respect for the legal provisions applicable, that: "The General Meeting is constituted by the shareholders that hold, at least, one hundred shares, provided that these shares have been registered or deposited in the Company's safes up to five days before the date booked for the General Meeting, or the shares have been deposited with a financial intermediary, if they are nominal shares, or registered in registered securities accounts, if they are nominal or registered shares, and the declaration that this is so is received in the Company by that date."

I.5. Indication of the applicable rules for share-blocking should the General Meeting be suspended

Viz. reply to the previous point.

I.6. Number of shares that correspond to one vote

Within the terms of Article 10.3 of the Articles of Association, every hundred shares correspond to one vote.

I.7. Indication of the existence of statutory rules which provide for the existence of shares that do not confer voting rights or stating that no voting rights are counted over a certain number when issued by a single shareholder or shareholders related to it

Within the terms of Article 10.3 of the Articles of Association, each hundred shares correspond to one vote.
There is no clause in the Articles of Association of the Estoril-Sol that limits the exercise of voting rights.

I.8. The existence of statutory rules on the exercise of voting rights, including constitutive or deliberating quorums or systems for equity rights

Shareholders may vote in General Meetings in person or by representation, or also by correspondence, within the terms of the law and of the Articles of Association.

Shareholders owning a number of shares that is less than that which grants them voting rights may group themselves so as to reach the number required for exercising the right to vote (one vote for each hundred shares) and they may be represented by one of the members of that group (article 10.4 of the Articles of Association).

The General Meeting meets and decides, upon first call, when shareholders in attendance or represented shall account for over 50% of the share capita (article 13.1 of the Articles of Association). Upon second call to meeting, the General Meeting may decide with any number of shareholders in attendance (article 13.2 of the Articles of Association).

A shareholder's representative may only vote on the decisions taken unanimously, if expressly authorised to do so in writing,; or in a General Meeting, without the observance of prior formalities, provided that everyone is present and everyone manifests the desire for the General Meeting to be constituted and to decide on a given matter (article 12.2 of the Articles of Association).

The instruments of representation of shareholders in General Meeting should be delivered to the registered office of the Company, addressed to the Chairman of the Board, three working days before the date booked for the meeting, otherwise they may not be accepted and, consequently, the voting rights may not be able to be exercised by the representative. If the instruments of representation are sent by telefax, the original should also be delivered to the Company three days before the date booked for the meeting, otherwise they may not be accepted (article 12.3 of the Articles of Association).

Whether upon the first or second call, decisions on statutory changes, merger, division, transformation or winding-up of the company, election of the Remuneration Committee and of the Advisory Board, suppression or limitation of the pre-emptive right in share capital increases and the appointment of company liquidators have to be approved by the majority of the votes corresponding to the share capital (article 13.3 of the Articles of Association).

Shareholders without voting rights may attend the General Meeting, but may not speak or otherwise intervene in the deliberations (article 14 of the Articles of Association).

The usufructuary of shares may exercise the voting rights corresponding to their ownership in General Meetings that are not called with the purpose of changing the Articles of Association or dissolving the Company. In these matters, the owner of the shares or the usufructuary, duly authorised by the former, will have voting rights (article 15 of the Articles of Association).

To assist the shareholders and within the terms of the law, the company has placed a proxy form on its website, which does not constitute a request for representation.
The presence of the represented party at the General Meeting, and until it starts, implies the annulment of the powers of representation.

I.9. Existence of statutory rules on the exercise of voting rights via postal voting

Postal voting is allowed within the terms of Article 10.5 of the Articles of Association.

Shareholders who wish to exercise their right to a postal vote should deliver a statement signed by them, where they unequivocally state how they wish to vote with regard to each of the items on the agenda of the General Meeting.

Postal votes shall be counted at the end of the voting by those shareholders in attendance, with regard to each of the items on the Agenda, and shall be added to the votes cast at the General Meeting, and, in the event of a grouped vote, the votes shall be considered with regard to which the various shareholders make their will known with regard to grouping themselves, provided they meet the requisites for such a grouping, and they shall be considered negative votes concerning deliberation proposals put forth after these are issued (article 10.9 of the Articles of Association).

The vote declaration, a sample of which is also available at the company's website, should be provided together with a legible photocopy of the shareholder's Identity Card; if the shareholder is a legal body, the vote declaration should be signed by the representative of the said legal body, bearing the legally notarized signature of the said representative in this capacity (article 10.6 and 10.7).

Vote declarations, provided together with the documents referred to in the previous paragraph, should be placed in a sealed envelope, addressed to the Chairman of the Board of the General Meeting, handed in personally at the head office of the company, or sent there, via registered mail, no later than 5 (five) days prior to the date set for the General Meeting (article 10.6).

I.10. Availability of a model format for exercising the voting right by postal means

The company has placed a sample form of the ballot sheet on its website, at www.estoril-solsgps.com, which may be used by the shareholders who so desire.

I.11. A deadline requirement for the receipt of the postal bulletins and the date on which the General Meeting is held

Vote declarations should be placed in a sealed envelope, addressed to the Chairman of the Board of the General Meeting, handed in personally at the company's facilities, located at Casino Estoril, at Av. Dr. Stanley Ho, Estoril, or sent there, via registered mail, no later than 5 (five) days prior to the date set for the General Meeting (article 10.6 of the Articles of Association).

I.12. The exercise of voting rights by electronic means

The Articles of Association do not provide for the possibility of votes being cast via electronic means.

I.13. Shareholder's possibility of access to the extracts of the minutes of the General Meeting on the company's website in a five days period after the meeting is held

In compliance with Recommendation of the CMVM no. 1.5., the Company will make the extracts of the minutes of General Meetings available on its website – www.estoril-solsgps.com within five days after the meeting is held for consultation by shareholders and the public in general.

I.14. Existence of a historiy of the resolutions taken in the General Meetings, the share capital represented and the voting results with reference to the previous three years on the company's website

Within the terms of the provisions in article 23-D of the SC (with the wording introduced by Decree Law no. 49/2010), the Company provides a history of the resolutions taken in the General Meetings, the share capital represented and the voting results with reference to the previous three years on its website – www.estoril-solsgps.com for consultation by shareholders and the public in general.

I.15. Indication of the Remuneration Committee's representative present at General Meetings

The members of the Remuneration Committee were not present at the annual General Meeting held on 21 May 2011.

I.16. Information upon the intervention of the General Meeting on matters concerning the remuneration policy of the company and the performance evaluation of the members of the Board of Directors

Within the terms of Article 34 of the Articles of Association, the Remuneration Committee of the Estoril-Sol comprises three members (shareholders or not), elected by the General Meeting. The remuneration of the members of the corporate offices will be established by the Remuneration Committee, which shall consist of fixed amounts and/or percentages on profits from the fiscal year not occurring on distributions of reserves or on any non-distributable part of such profits, and, overall, such percentages may not exceed eleven percent for the Board of Directors.

Currently, the Remuneration Committee (elected in the General Meeting of 29 April 2008 - Minutes no. 81 – for the period from 2008 to 2011) comprises the following shareholders:

- Dr. Stanley Hun Sun Ho;
- Dr. Ambrose So;
- Dr. João de Sousa Ventura.

The Remuneration Committee establishes the fixed remuneration of the members of the Board of Directors as a way of compensating them for their current individual and collective effort each year, and it may also assign a variable remuneration, taking into account the fulfillment of pre-set strategic objectives expressed via the EBITDA and the net results, as well as the creation of value for shareholders.

In any case, it should be noted that the amount of the fixed remunerations of the members of the Board of Directors was not revised during the mandate that ended on 31 December 2011, with the level in 2011 remaining the same as in previous years. On the other hand, and even if this possibility were remotely admissible, it is hereby clarified that, during the whole mandate, no variable remuneration was awarded to the members of the Board of Directors.

I.17. Information upon the General's Meeting intervention over the proposal concerning plans to allot shares and / or options to acquire shares, or based on price changes for the shares, to members of the board, supervisory and other directors, within the meaning of paragraph 3 of Article 248 B of the Securities Code, and on the evidence provided to the General Meeting with a view to their correct evaluating of those plans

There is no plan for assigning shares, and/or options for purchasing shares or based on changes in share prices, to members of the administrative and supervisory bodies and other officials, pursuant to sec. 3 of article 248-B of the SC.

I.18. Information upon the General's Meeting intervention on the approval of the main characteristic of the retirement benefits that Board of Directors members, supervisory and other directors may benefit, within the meaning of paragraph 3 of Article 248 B of the Securities Code

The General Meeting will act as it thinks appropriate with regard to the approval of the main characteristics of the system of retirement benefits that Board of Directors members, supervisory and other directors may benefit, within the meaning of paragraph 3 of Article 248 B of the SC.

There is no provision in the Articles of Association that obliges the General Meeting to intervene in these matters. In 2011 there was no intervention by the General Meeting on the main characteristics of the systems of retirement benefits.

I.19. Existence of a statutory rule which provides for the duty to impose at least every five years, the resolution of the general assembly, maintenance and removal of statutory rule which provides for limiting the number of votes capable of holding or exercise by a single shareholder individually or in concert with other shareholders

The Articles of Association of the Estoril-Sol do not provide for the limitation on the number of votes that may be held or exercised by a single shareholder, either individually or jointly with other shareholders.

I.20. Indication of the defensive measures that are intended to immediately instigate asset erosion in cases such as changes in the control or to the composition of the Board of Directors

There are no defensive measures that may automatically cause a serious erosion of the assets of the Company in the event of a transition or change in the composition of the Board of Directors.

I.21. Main agreements to which the company is a part of and that come into force, are changed or end in cases such as change in company control, as well as related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company, except the company is specifically obliged to disclose such information by force of legal imperatives

There are no agreements the existence, alteration or cessation of which depends on a change in the control of the Company.

I.22. Agreements between the company and the Board of Directors, within the meaning of article 248-B no.3 of the Securities Code, that provide for compensation if they resign or are discharged without a valid cause or if their employment ceases following a change in company control

There are no agreements or policies defined between the company and the members of the Board of Directors, within the meaning of article 248-B no.3 of the SC which allow for indemnities in the event of a request for dismissal, unfair dismissal or cessation of the employment relationship following a change in the control of the Company.

CHAPTER II
MANAGEMENT AND SUPERVISORY BODIES

SECTION I – General topics

II.1. Identification and composition of the corporate bodies

Within the terms of the Articles of Association of Estoril-Sol, the administration of the Company is the responsibility of a Board of Directors comprising three to eleven directors, with an odd number thereof, shareholders or not, elected by the General Meeting.

The supervision of Estoril-Sol is the responsibility of a Audit Board comprising three to five effective members and one or two alternates, respectively, shareholders or not, and to a Statutory Auditor or Firm of Statutory Auditors which is not a member of the Audit Board.

The Company also has an Advisory Board as well as a Secretary.

1. BOARD OF DIRECTORS

The mandate of the members of administration is for four years, where an election year is deemed to be a complete calendar year, and there is no restriction to directors' re-election.

The Board of Directors decides with a simple majority of its members, who all have equal voting rights, and decisions are taken by a majority of the votes issued.

The current 9 members of the Board of Directors were elected in the General Meeting of 29 April 2008, with the exception of MRS. Pansy Catalina Chiu King Ho who on 30 May 2010, was appointed by cooptation to perform the duties of Member of the Board of Directors, in replacement of Sr. António José Pereira upon his decease.

Composition of the Board of Directors:

Chairman:	Dr. Stanley Hun Sun Ho
Deputy Chairmen:	Sr. Huen Wing Ming Patrick
	Dr. Mário Alberto Neves Assis Ferreira
Members:	Sr. Ambrose So
	Mrs. Pansy CatIlina Chiu King Ho
	Sr. Choi Man Hin
	Eng. António José de Melo Vieira Coelho
	Dr. Vasco Esteves Fraga
	Dr. Jorge Armindo de Carvalho Teixeira

2. AUDIT BOARD

The current members of the Audit Board were elected in the General Meeting of 29 April 2008. The mandate of the members of the Audit Board is for four years, where an election year is deemed to be a complete calendar year, and there is no restriction to their re-election.

The Audit Board decides with a simple majority of its members, who all have equal voting rights, and decisions are taken by a majority of the votes.

Composition of the Audit Board:

Chairman:	Dr. Mário Pereira Pinto
Members:	Dr. António José Alves da Silva
	Dr. Manuel Martins Lourenço
Alternate:	Dr. Armando do Carmo Gonçalves

3. STATUTORY AUDITOR

Lampreia & Viçoso, SROC. No. 157 - Represented by Donato João Lourenço Viçoso, Statutory Auditor no. 334. The external auditor was elected for four years in the General Meeting of 29 April 2008, upon the proposal of the Audit Board.

4. ADVISORY BOARD

The current Advisory Board has only one member, Dr. Rui José da Cunha, elected in the General Meeting, for the period from 2008 to 2011.

5. COMPANY SECRETARY

The Company Secretary and his/her alternate are appointed by the Board of Directors and cease their functions with the end of the term in office of the Board of Directors which appointed them.

The current Secretary and Alternate Secretary were appointed by the Board of Directors in the meeting held on 15 May 2008, minutes of the Board of Directors no. 1,086.

Company Secretary:	Dr. Carlos Alberto Francisco Farinha
Alternate Secretary:	Dr. Artur Alexandre Conde de Magalhães Mateus

II.2. Identification of the specialised committees created with responsibilities for the management or the supervision of the company

The Articles of Association allow for the possibility of the creation of an Executive Committee by the Board of Directors. To date an Executive Committee has not been created.

The Company's sole activity consists of shareholding operations, in compliance with the scope of its social purpose, with all the legal limitations resulting from this.

The Board of Directors regularly and systematically monitors the boards of directors of all of its investee companies, principally in order to (i) ensure the strict compliance with contracts for gaming concessions in Estoril and Póvoa de Varzim and the legislation that governs gaming operations in Portuguese casinos and (ii) execute business plans and in the study and development of new projects. Taking this monitoring into account, to this day, the setup of specific committees has not been necessary.

II.3. Organizational structure or functional chart concerning the delegation of responsibilities among the various corporate bodies, committees and/or departments within the company, including information on the

scope of delegating responsibilities or distributing duties among the members of the Management or Supervisory bodies, as well as a list of non-delegable subject matters and delegable subject matters

Taking into consideration the reduced size of the Company, there is no division of duties between the members of the corporate offices and departments of the Company, specifically the distribution of areas of responsibility among the members of the Company's Board of Directors.

The competences of the management and Audit Boards, as well as of the committees and/or departments of the Company are those that are defined in the Articles of Association, there being no complex model of internal organization with regard to the day-to-day management of Estoril-Sol, neither is there any distribution of areas of responsibility by the members of the Board of Directors.

Within the scope of its activity of managing of shareholdings, the Board of Directors has a small Administrative Support Service and an Internal Audit Board.

II.4. Reference to the fact that the annual reports on the activities of the General Council and Audit Board, the Commission for financial matters, the Audit Committee and the Audit Committee include a description of the supervisory activity detected indicating any constraints, and be subject to disclosure on the website of the company, together with the accounts submission documents

The Annual Reports on the activity of the Audit Board include a description of the supervisory activity undertaken and are available in www.estoril-solsgps.com.

II.5. Description of the internal control and risk management systems within the company, namely as regards the financial information disclosure system, the mode of operation of this system and its efficacy

The company has an Internal Auditing Office which, whether in the company or in the associated companies, has the mission of independently and systematically assessing the established internal control system, examining internal operational procedures, checking for compliance with standards, as well as proposing measures deemed necessary for mitigating any shortcomings in the internal control system.

The management of the economic and financial risk of the business of the Company and of its Associated Companies is permanently monitored by the members of the Board of Directors of the Company in collaboration with the Internal Audit Office.

II.6. Responsibility of the board and the supervisory body in the creation and operation of internal control and risk management of the Company, as well as evaluating the functioning and adjustment to the Company's needs

The Board of Directors has been promoting the necessary and appropriate conditions to bring about the effective control of the management of risks inherent to the activity of the Company and of the Companies of the Estoril-Sol Group, as well as of the system of internal control, and regularly monitors the work of the Internal Audit Office.

In turn, within the scope of its functions, the Audit Board assesses the efficacy of the systems of internal control and risk management

II.7. Indication on the existence of regulations on the functioning of the corporate bodies or any internally defined rules on incompatibility and the maximum number of positions that a member is entitled to hold and the place where these rules may be consulted

The Board of Directors and the Audit Board have still not formally adopted a regulation of operations. Notwithstanding this, both the Board of Directors and the Audit Board follow the best operating practices, based on criteria of responsibility and professionalism and intend to formalise and disclose the respective operating regulations in the near future.

SECTION II – Board of Directors

II.8. If the Chairman of the Board performs executive duties, indicate the mechanisms for coordinating the work of non-executive members to ensure the independent and informed nature of their decisions

This is not applicable to Estoril-Sol. There is no distinction in the Company between executive directors and non-executive directors.

The management of the Company is performed collegiately, by all the directors.

II.9. Identification of main risks to economic, financial and legal matters that society is exposed to in the pursuit of it´s activity

Within the scope of its activity of managing of shareholdings, Estoril-Sol, as the holding company of the Estoril-Sol Group, assumes various kinds of risk that arise namely from the gaming concessions, these being the following: Business risks, Contractual risks, Physical risks, Financial and currency exchange risks.

Business Risk:

The associated companies Estoril Sol (III) – Turismo, Animação e Jogo, S.A. and Varzim Sol – Turismo, Jogo e Animação, S.A. operate gaming concessions in Casinos. In the last few years, this Sector of activity has been experiencing increased technological growth, particularly focused on slot machines, which requires the ongoing renewal of the product range. The Group's concessionaries systematically keep up with this growth, by visiting manufacturers, taking part in international specialty trade shows and regularly investing in new equipment under the close watch of the Board of Directors of Estoril-Sol.

Pursuant to the concession contracts, the Portuguese State grants concessionaries exclusive rights to gambling and operations of games of chance, in exchange for high initial payments and high annual tax rates. Nevertheless, the Portuguese State has proven to be unable to regulate its citizens' access to countless online casinos that abound today and which constitute a growing factor of unfair competition, both because they account for a significant increase in illicit supply and because they constitute a flagrant source of tax evasion.

The Estoril Sol Group will continue to call the Portuguese Government's attention, both directly and through the Portuguese Association of Casinos, to the need to take legislative measures to prevent this situation, following the example of significantly effective measures taken in the USA and in Norway, thereby ensuring compliance with commitments pertaining to the exclusive right to gaming operations, as contractually assumed between the State and the concessionaires.

These commitments, with regards to the subsidiaries Estoril-Sol (III) and Varzim-Sol, are imposed on us and are interpreted far beyond strict compliance with the regulatory framework of gaming concessions, as they are reflected in a broader framework of preventive initiatives of a social nature.

Contractual Risks:

Concessions for operations in gambling and games of chance in the gaming areas of Estoril and Póvoa de Varzim are operated within the normative context of the contractual and legal framework of the corresponding concession contracts and of the specific legislation governing the sector of gaming activities at casinos, as they are subject to permanent inspection by the State, via the Serviço de Inspecção de Jogo do Turismo de Portugal, I.P..

For its part, the Estoril Sol Group constantly monitors all of its operations in order to guarantee strict compliance with the law.

Physical Risks:

The Group's Companies, which aim to prevent and minimize the risk inherent to its economic activities, have specialized technical surveillance services that are responsible for strict compliance with standards that govern the physical safety of clients, employees and facilities.

With cooperation from an external body, we periodically conduct risk analyses of instituted procedures and of the physical safety of assets, with the implementation of corrective actions for the risks identified.

Financial and Currency Exchange Risks:
The significant investments that the Group companies have made in the last few years as a result of the extension of concession contracts, with an initial payment pertaining to Lisbon Casino as well as investments which are regularly made for reasons pertaining to renewal, modernization and expansion of the Casinos, have involved increased indebtedness which, combined with the changes in market interest rates, resulted in increased financial costs and a potential liquidity risk.

Depending on the operating funds that are freed up, it is felt that 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.

Portuguese legislation forbids casino concessionaries from granting credit to gaming activities, and so, in this regard, Group Companies are not exposed to credit risk. Other revenue from restaurant and entertainment activities, which account for only 1.0% of revenue, therefore represents insignificant exposure.

Every medium-term operation is carried out in Euros, and a few imports with 30-day credit are exceptionally conducted in US Dollars, and so the Company has only minimal exchange rate exposure.

II.10. Powers of the Board of Directors, particularly regarding deliberations of a capital increase

Within the terms of Article 23 of the Articles of Association of the Company, the Board of Directors enjoys the broadest management powers, as it can decide on any matter pertaining to company management, namely regarding:

a. The election of its Chairman and Deputy Chairman, if the General Meeting itself has not made such an appointment;
b. The co-opting of replacement directors;
c. The creation, make-up, competence and working of the Executive Committee;
d. The request for convening General Meetings;
e. The annual report and accounts to be submitted to the General Meeting;
f. Proposals to the General Meeting for the provision of warranties and personal or real guarantees by the Company;
g. The proposal to the General Meeting of major extensions or reductions to the activity of the Company;
h. Important modifications in the organization of the company;
i. The establishment or cessation of lasting and important cooperation with other companies;
j. Proposal to the General Meeting for an increase or reduction in the share capital;
k. Proposal to the General Meeting of projects for the merger, division or transformation of the Company;
l. Deliberation on increases in share capital, on one or more occasions, up to an absolute maximum increase of one million six hundred thousand and twenty-one thousand and ninety-three Euros and seventeen cents, for contributions in cash, provided that, in compliance with imperative legal standards, the increase is intended to be subscribed by directors, company employees and other people or entities providing services pertaining to the same, to be identified under the terms and conditions decided in the General Meeting [article 5.2 of the Articles of Association, *ex vi* of line l) of Article 23.1 of the same document];
m. The appointment and dismissal of employees, and setting their salary or compensation, if applicable;
n. The constitution of representatives or attorneys and the revocation of mandates granted;

o. Representing the company, either directly or via representatives, either in or out of court, actively and passively, namely proposing, contesting and pursuing lawsuits, giving evidence, acquiescing or desisting, as well as assuming commitments in voluntary arbitration;

p. The exercise of company rights corresponding to its holdings in the capital of other companies;

q. The execution and bringing about of compliance with legal and statutory precepts and the decisions of the General Meeting;

r. Any other matter on which any director requests the deliberation of the Board.

II.11. Information about the policy of rotation of functions on the Board, including the responsibility for financial matters and on the rules governing the appointment and replacement of members of the administration and supervision.

Given the size of Estoril-Sol and the organizational model of the Group (of the companies) the holding of which are managed by Estoril-Sol there is no assignment/distribution of areas of responsibility in the Board of Directors.

BOARD OF DIRECTORS (article 17 of the Articles of Association)

The rules applicable to the appointment and replacement of the members of the Board of Directors follow the imperative standards applicable, as well as the provisions in the Articles of Association.

Within the terms of the Articles of Association of the Estoril-Sol, the administration of the Company is the responsibility of a Board of Directors comprising three to eleven directors, with an odd number thereof, shareholders or not, elected by the General Meeting.

The Articles of Association of the Estoril-Sol allow, within the terms of Article 392 of the CCC, for a minority that represents, at least, 10% of the share capital of the Company and that has voted against a winning proposal in the election of the Board of Directors, has the right to appoint a Director.

The General Meeting that elects the Board of Directors may appoint one of its members to perform the duties of the Chairman of the Board and one or two for Deputy Chairmen. If these are not appointed by the General Meeting, it is up to the directors to choose the Chairman of the Board of Directors and the Deputy Chairman/Chairmen from among themselves, and may replace them at any time.

Within the terms of the law, when the number of directors is increased during a mandate, or when a director is appointed by cooptation, the mandate of the new directors ends at the same time as those who are in office.

AUDIT BOARD and Statutory Auditor (article 25 of the Articles of Association)

The rules applicable to the appointment and replacement of the members of the Audit Board of the Estoril-Sol follow the imperative standards applicable, as well as the provisions in the Articles of Association.

The Audit Board comprises three or five effective members and one or two alternates, respectively, shareholders or not.

The Audit Board and the Statutory Auditor are elected by the General Meeting which may appoint one of the members of the Audit Board to perform the duties of Chairman. If the Chairman is not appointed by the shareholders, it is up to the members of the Audit Board to appoint its Chairman.

If it is not possible to fill the vacancy of an effective member due to a lack of elected alternates, the vacant positions, both of effective member and alternates, will be filled upon a new election.

II.12. Number of meetings held by the Management and Supervisory Bodies as well as reference to the minutes of those meetings

BOARD OF DIRECTORS

The Board of Directors meets on a regular basis, and that regularity is, in principle, once monthly, and always whenever there are issues that justify convening it.

Boards occur in conformity with a previously set schedule and their work agendas are previously given out to all members of the Board, as well as their minutes and supporting documents.

Given the specific composition of the Board of Directors of the Company, meetings of the Board of Directors have been held by telematic means.

The Board of Directors met 10 times in 2011.

AUDIT BOARD

The Audit Board meets whenever it is considered that there is an issue that warrants a meeting, with meetings being held at least once per quarter.

Meetings occur in conformity with the decision of the Chairman with minutes being drawn up of all the meetings.

The Audit Board met 8 times during 2011.

II.13. Indication about the number of meetings of the Executive Committee or the Board of Directors, as well as the holding of minutes of these meetings and it´s sent, together with the calls, as appropriate, to the Chairman of the Board of Directors, the Chairman of the Audit or the Audit Corporate Governance Report Committee, the Chairman of the Audit Board and the Chairman's Commission for financial issues

Not applicable to the Company, in as much as, within the scope of the corporate offices, an Executive Committee has not been set up.

II.14. Distinction of the executive members of the non - executives, and among these, discrimination of members that would meet if they were to apply the rules of incompatibility provided for in paragraph 1 of Article 414-A of the Companies Code, other than that specified in subparagraph b) and the independence criteria set out in paragraph 5 of article 414, both of the Commercial Companies Code

As mentioned, in Estoril-Sol there is no distinction between executive directors and non-executive directors.

II.15. Indication of legal rules, regulations and other criteria that have been based on the evaluation of the independence of its members made by the Board of Directors

Not applicable, for the reasons stated in II.14.

II.16. Indication of the rules of the selection process of candidates for non-executive directors and how to ensure non-interference in the process of executive directors

Not applicable, for the reasons stated in II.14.

II.17. Reference to the fact that the Annual Management Report of the Company include a description of the activities undertaken by non-executive directors and eventual constraints identified

Not applicable, for the reasons stated in II.14.

II.18. Professional qualifications of the members of the Board of Directors, the professional activities carried out by them at least during the last five years, the number of company shares they hold and the date of the commencement and end of the first mandate

STANLEY HUNG SUN HO (Chairman)

Has a long professional career as an entrepreneur linked to the Tourism, Gaming, Shipping and Real Estate sectors.

His main professional activities over the last five years in Portugal, Hong Kong and Macao, include the post of Chairman of the Board of Directors in the following companies: STDM, SA, Seng Heng Bank, Nam Van Development Company, Shun Tak-China ShippingInvestments Ltd., Melco International Development, Ltd., Aberdeen Restaurant Enterprises, Ltd., SJM - Sociedade de Jogos de Macau, SA, STDM - Investimentos Imobiliários, SA, FINANSOL, SGPS, SA, SGAL - Sociedade Gestora da Alta de Lisboa. SA and Estoril Sol, SGPS, SA.

He currently holds the post of Chairman of the Board of Directors of Estoril-Sol, SGPS, to which he was elected for the first time on 2 May 2006. The current term ends in 2011.
On 31 December 2011 he held 135,662 shares in the share capital of Estoril-Sol, SGPS, SA.

HUEN WING MING PATRICK (Deputy Chairman)

Has a graduate degree in accounting from the British Banking Institute.
His main professional activities over the last five years in China, Hong Kong, Macau and Portugal, include the post of Voting Member of the Board of Directors in the companies Industrial and Commercial Bank of China Ltd., CAM – Sociedade do Aeroporto Internacional de Macau, SARL, King Power Lojas Francas (Macau) SARL, MACAUPORT - Sociedade de Administração de Portos, SARL, FINANSOL, SGPS, SA, Estoril -Sol, SGPS, SA, Estoril Sol, (III) Turismo, Animação e Jogo, SA and Varzim Sol – Turismo, Jogo e Animação, SA.
He currently holds the post of Deputy Chairman of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 31 March 1995. The current term expires in 2011.
On 31 December 2011 he held 50,000 shares in the share capital of Estoril-Sol, SGPS, SA.

MÁRIO ALBERTO DAS NEVES ASSIS FERREIRA (Deputy Chairman)

Has a graduate degree in law from Universidade Clássica of Lisbon as well as a degree in business administration from the Gestúlio Vargas Foundation in Rio de Janeiro. He is a Member of the Advisory Board of ISEG - Instituto Superior de Economia e Gestão (Institute of Higher Education in Economics and Management), Member of the Advisory Board of the Faculty of Economics and Business Sciences of Universidade Lusíada in Lisbon, as well as Member of the Advisory Board of the Graduate Degree in Tourism of the Universidade Lusófona de Humanidades e Tecnologias and Member of the Board of the School of the Faculty of Human Mobility.
In the last five years he has developed his professional activity as Chairman of Board of Directors in companies of the Estoril-Sol Group.
He currently holds the post of Deputy Chairman of the Board of Directors of Estoril-Sol, SGPS. The current term expires in 2011.
On 31 December 2011 he held 601 shares in the share capital of Estoril-Sol, SGPS, SA.

PANSY CATILINA CHIU KING HO

Has specific training in International Management, Marketing and International Studies from the University of Santa Clara and has a PhD in Business Management from the University of Johnson & Wales.
Her main professional activity in recent years, specifically in Portugal, Hong Kong and Macau, includes the position as Director of MGM Grand Paradise, SA, of Shun Tak Holdings Limited, of STDM – Sociedade de Turismo e Diversões de Macau, SA., of Macau Tower Convention & Entertainment Centre, of Air Macau Company Limites, of Estoril Sol, SGPS, SA, of SGAL – Sociedade gestora da Alta de Lisboa, SA and Posse – SGPS, SA.
She currently holds the position of Member of the Board of Directors of Estoril-Sol, SGPS to which she was appointed on 31 May 2010, by cooptation, in replacement and upon the decease of Sr. António José Pereira. The current term ends in 2011.
On 31 December 2011 she held no shares in the share capital of Estoril-Sol, SGPS, SA.

AMBROSE SO

Has a P.H.D. in Management from the University of Hong Kong.
His professional activities over the last five years in China, Hong Kong, Macau and Portugal, most notably include the post of Chairman of the Board of Directors in Tianjin Hexin Development Co., Ltd., MACAUPORT - Sociedade de Administração de Portos, SARL and Voting Member of the Board of Directors in Tonic Industries Holdings Ltd, SJM Holdings Ltd, Shanghai Hongyi Real Estate Development Co. Ltd, Sociedade de Empreendimentos NAM VAN, SARL, Sociedade de Jogos de Macau, SA, STDM - Investimentos Imobiliários, S.A., Finansol, SGPS, SAand Estoril-Sol, SGPS, SA.
He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 10 March 1998. The current term expires in 2011.
On 31 December 2011 he held 50,000 shares in the share capital of Estoril -Sol, SGPS, SA.

CHOI MAN HIN

Has specific training in Casino management, Las Vegas.
In the last five years he has developed his professional activity as Voting Member of the Board of Directors in companies of the Estoril Sol Group.
He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 31 March 1995.The current term expires in 2011.
On 31 December 2011 he held 527 shares in the share capital of Estoril-Sol, SGPS, SA.

VASCO ESTEVES FRAGA

Has a graduate degree in Finance from the Instituto Superior de Economia (Higher Institute of Economics).
In the last five years he has developed his professional activity as Voting Member of the Board of Directors in companies of the Estoril Sol Group, and as a member of the General Audit Board of the Banco Comercial Português (Millennium BCP). He is currently director of SGAL – Sociedade Gestora da Alta de Lisboa, SA.
He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 2 May 2006. The current term expires in 2011.
On 31 December 2011 he held 608 shares in the share capital of Estoril- Sol, SGPS, SA.

ANTÓNIO JOSÉ DE MELO VIEIRA COELHO

Has a graduate degree in Radiotechnology from Escola Náutica Infante D. Henrique (Shipping School).
In the last five years he has developed his professional activity as Voting Member of the Board of Directors in companies of the Estoril Sol Group.
He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 24 April 2000. The current term expires in 2011.
On 31 December 2011 he did not hold any shares in the share capital of Estoril-Sol, SGPS, SA.

JORGE ARMINDO DE CARVALHO TEIXEIRA

Has a graduate degree in economics from the Faculty of Economics of the University of Porto, where he lectured from 1976 to 1992.
His professional activities over the last five years include the post of Chairman of the Board of Directors in several companies, among them Amorim – Entertainment e Gaming International, SGPS,SA, Amorim Turismo, Serviços Gestão, SA, Edifer Angola, SA, Iberpartners – Gestão e Reestruturação de Empresas, SA, Troia Peninsula Investimentos, SGPS, SA and Estoril Sol, SGPS, SA.

He has been a Voting Member of the Board of Directors of Estoril-Sol, SGPS, SA since 31 January 2006. The current term expires in 2011.

At the end of 2011 he did not hold any shares in the share capital of Estoril-Sol, SGPS, SA

II.19. Duties that the members of the Board of Directors carry out in other companies as well as those carried out in companies of the same group.

STANLEY HUNG SUN HO

In Portugal

Chairman of the Board of Directors:

- FINANSOL, SGPS, S.A.
- ESTORIL SOL, SGPS, S.A.
- STDM - Investimentos Imobiliários, S.A.
- Credicapital, SGPS, S.A.
- Finae, SGPS, S.A.
- Stanley Ho Foundation
- Oriente, SGPS, S.A.

Posse, SGPS, S.A.

- SGAL - Sociedade Gestora da Alta de Lisboa, S.A.

STDP - Soc. Transnacional Desenvolvimento de Participações, SGPS, S.A.

Member of the Board of Directors:

Guinor - Companhia de Desenvolvimento Imobiliário, SGPS, S.A.

In Macau

Chairman:

- Founder and Director - STDM, SARL.
- SJM - Sociedade de Jogos de Macau, S.A.
- Nam Van Development Company, S.A.
- Teledifusão de Macau, S.A.
- Macau Horse Racing Company Limited.
- Macau (Yat Yuen) Canidrome Company Lda.
- Sociedade de Turismo e Desenvolvimento Insular, S.A.
- Geocapital - Investimentos Estratégicos, S.A.

In Hong-Kong

Chairman:

- Shun Tak Holdings, Limited.
- Shun Tak-China Shipping Investments Limited.
- Shun Tak Shipping Company, Limited.
- SJM Holdings Limited
- Aberdeen Restaurant Enterprises, Limited.

Member of the Board of Directors:

- Sky Shuttle Helicopters Limited.
- Hong Kong Express Airways, Ltd.

WUEN WING MING PATRICK

In Portugal

Chairman of the Board of Directors:

- Varzim-Sol, Turismo, Jogo e Animação, S.A.

Deputy Chairman

- ESTORIL SOL, SGPS, SA
- Estoril Sol III - Turismo, Animação e Jogo, S.A.

Member of the Board of Directors

- FINANSOL, SGPS, SA

In Macau

Member of the Board of Directors

- Industrial and Commercial Bank of China (Macau), Ltd
- CAM - Sociedade do Aeroporto Internacional de Macau, SARL
- King Power Lojas Francas (Macau), SARL
- MACAUPORT - Sociedade de Administração de Portos, SARL
- Millennium - Instituto de Educação, S.A.
- Dr. Stanley Ho Foundation
- Tianjin Hexin Development Co. Ltd.

MÁRIO ALBERTO NEVES ASSIS FERREIRA

Chairman of the Board of Directors:

- Estoril Sol III - Turismo, Animação e Jogo, S.A.
- Chão do Parque - Sociedade de Investimentos Imobiliários, S.A.
- DTH - Desenvolvimento Turístico e Hoteleiro, S.A
- Estoril Sol - Investimentos Hoteleiros, S.A.
- Estoril Sol Imobiliária, S.A.
- Estoril Sol V - Investimentos Imobiliários, S.A.
- Estoril Sol e Mar - Investimentos Imobiliários, S.A.
- Deputy Chairman of the Board of Directors
- Varzim Sol - Turismo, Jogo e Animação, S.A.

Member of the Board of Directors

- Parques do Tamariz - Soc. Exploração de Parques de Estacionamento, S.A.

AMBROSE SO

In Portugal

Chairman of the Board of Directors

- Brightask - Gestão e Investimentos, S.A.

Member of the Board of Directors:

- Central de Aplicações, SGPS, SA
- Credicapital - SGPS, S.A.
- Finansol, S.A.
- Estoril Sol, SGPS, SA
- Guinor - Companhia de Desenvolvimento Imobiliário, SGPS, S.A.
- Imapex - Soc. De Construções e investimento Imobiliário, S.A.
- POSSE, SGPS, S.A.
- STDM - Investimentos, SGPS, SA
- STDM - Investimentos Imobiliários, S.A.
- IMO 12 - Gestão Mobiliária e Imobiliária Unipessoal, SA
- IMO-OITO - Soc. De Investimentos imobiliários, SA
- Finae – Soc. Gestora de Participações, SA
- Guinchotel - Actividades Hoteleiras, Lda.
- Gerente da STDM - Gestão de Investimentos, Unipessoal, Lda.

In Macau

Chairman of the Board of Directors:

- MACAUPORT - Sociedade de Administração de Portos, SARL
  Macau Horse Racing Co., Ltd.
- Millennium - Instituto de Educação, S.A.
- Sociedade de Empreendimentos NAM VAN, SARL
- Sociedade de Jogos de Macau, S.A.
- Ponte 16 - Desenvolvimento Predial, S.A.
- Geocapital - Investimentos Estratégicos, S.A.

In Hong Kong

Member of the Board of Directors:

- SJM Holdings Ltd
- Tonic Industries Holdings Ltd

In China

Chairman of the Board of Directors:

- Tianjin Hexin Development Co., Ltd.

Member of the Board of Directors:

- Shanghai Hongyi Real Estate Development Co., Ltd

PANSY CATILINA CHIU KING HO

In Portugal:

Member of the Board of Directors:

- ESTORIL SOL, SGPS, SA
- Central de Aplicações, SGPS, SA
- Credicapital – Sociedade Gestora de participações Sociais, SA
- Guinor, Companhia de Desenvolvimento Imobiliário, SGPS, SA
- POSSE – SGPS, SA
- SGAL - Sociedade Gestora da Alta de Lisboa, SA

In Macao:

Executive Director:

- STDM - Sociedade de Turismo e Diversões de Macau, SA
- EXCELSIOR HÓTEIS e Investimentos Limitada
- Macau Tower Convention & Entertainment Centre
- AIR MACAU Company Limited
- King Power Duty Free (Macau) Company Limited
- JET ASIA Ltd
- MGM Grand Paradise Limited
- Macau International Airport Co Ltd

In Hong Kong:

Executive Director:

- SHUN TAK Holdings Limited
- SHUN TAK – China Travel Shipping Investments Limited
- HONG KONG Express Airways Limited
- HONG KONG International Airport Terminal Services Limited

CHOI MAN HIN

Member of the Board of Directors:

- BRIGHTASK - Gestão de Investimentos, S.A.
- Credicapital, SGPS, S.A.
- Estoril Sol, SGPS, S.A.
- Estoril Sol III - Turismo, Animação e Jogo, S.A.
- Varzim-Sol - Turismo, Jogo e Animação, S.A.
- Estoril Sol Investimentos Hoteleiros, S.A.
- Guinchotel - Actividades Hoteleiras, Lda.
- Oriente, SGPS, S.A.
- STDM, Investimentos SGPS, SA
- STDM - Investimentos Imobiliários, S.A.
- STDP, SGPS, S.A.

Manager:

- IMAPEX - Soc. Construções and Investimentos Imobiliários, Lda.
- IMO-DOZE - Gestão Mobiliária e Imobiliária Unipessoal, Lda.
- IMO-OITO - Sociedade de Investimentos Imobiliários, Lda.
- STDM - Gestão de Investimentos, Lda.

VASCO ESTEVES FRAGA

Member of the Board of Directors:

- Estoril Sol, SGPS, S.A.
- Estoril Sol III - Turismo, Animação e Jogo, S.A.
- Varzim Sol - Turismo, Animação e Jogo, S.A.

Member of the General and Supervisory Board:

- Banco Comercial Português, S.A

ANTÓNIO JOSÉ DE MELO VIEIRA COELHO

Member of the Board of Directors:

- Estoril Sol, SGPS, S.A.
- Estoril Sol III - Turismo, Animação e Jogo, S.A.
- Varzim Sol – Turismo, Animação e Jogo, S.A.
- Chão do Parque - Sociedade de Investimentos Imobiliários, S.A.
- Estoril Sol - Investimentos Hoteleiros, S.A.
- Estoril Sol e Mar - Investimentos Imobiliários, S.A.
- DTH – Desenvolvimento Turistico e Hoteleiro, S:A.
- Estoril Sol Imobiliária, S.A.
- Estoril Sol V - Investimentos Imobiliários, S.A.
- STDM - Investimentos Imobiliários, S.A.

JORGE ARMINDO DE CARVALHO TEIXEIRA

Member of the Board of Directors:

- Amorim - Entertainment and Gaming Internacional, SGPS, SA
- Amorim Turismo - Serviços e Gestão, SA
- Amorim Turismo, SGPS, SA
- Amorim Turismo Imobiliária, SGPS, S.A.
- CHT - Casino Hotel de Tróia, SA
- Edifer Angola, S.A.
- Estoril Sol, SGPS, S.A.
- Fozpatrimónio, S.A.
- Goldtur - Hotéis e Turismo, SA
- Grano Salis - Investimentos Turísticos, e Lazer, S.A.
- Grano Salis II - Investimentos Turísticos, e Lazer, S.A.
- Iberpartners - Gestão e Reestruturação de Empresas S.A.
- Hotel Turismo, SARL
- Imofoz, SA
- Mobis - Hotéis de Moçambique, SARL
- Notel - Empreendimentos Turísticos, SARL
- Prifalésia - Construção e Gestão de Hotéis, SA
- Royspa - Serviços de Consultadoria, Lda
- SGGHM - Sociedade Geral de Hotéis de Moçambique, S.A.
- Sociedade Figueira Praia, SA
- SPIGH - Sociedade Portuguesa de Investimentos e Gestão Hoteleira, S.A.
- Troia Península Investimentos, SGPS, SA
- Turyleader, SGPS, SA

SECTION III – General and Supervisory Board, Financial Affairs Committee and Audit Board

II.21. Identification of the members of the Audit Board, by listing those members that comply with the incompatibility rules provided for in article 414-A no.1 and the criteria of independence provided for in article 414.5, both from the Commercial Company Code. For this purpose, the Audit Board performs its own assessment

As at the reference date of 31 December 2011, the Audit Board of the Estoril-Sol comprises the following members:

Chairman:	Dr. Mário Pereira Pinto
Members:	Dr. António José Alves da Silva
	Dr. Manuel Martins Lourenço
Alternate:	Dr. Armando do Carmo Gonçalves

The members of the Audit Board of the Estoril-Sol comply with the rules of incompatibility set out in paragraph 1 of Article 414.-A and meet the criteria of independence set out in Article 414.5, both of the CCC.

The Audit Board has the powers and is subject to the duties established at law and in the Articles of Association of Estoril-Sol, and may perform all the acts of verification and inspection that it considers convenient for the fulfilment of its obligations of supervision, and is particularly responsible for:

supervising the administration of the Company and checking on the observance of the law and the Articles of Association of the Company;
verifying the precision of the accounting documents prepared by the Board of Directors and supervising the respective review;
proposing the appointment of the Statutory Auditor to the General Meeting;
calling the General Meeting whenever the Chairman of the respective Board does not do so when he should;
preparing the annual report on its activity and presenting an opinion on the Board of Directors' Report.

II.22. The professional qualifications of the members of the Audit Board, the indication of the professional activities carried out by them, at least during the last five years, the number of company shares they hold and the commencement and end date of the first mandate

MÁRIO PEREIRA PINTO
Has a graduate degree in Economics from the Faculty of Economics of the University of Porto 1970/75; completed the "Advanced Management Program" from the INSEAD-Fontainebleau, France – 1989.
Was elected as a member of the Audit Board of the Company in the Annual General Meeting of 2004 and was re-elected in the General Meeting of 2008, ending his term on 31 December 2011.
On 31 December 2011 he held no shares of the share capital of Estoril-Sol, SGPS, SA.

MANUEL MARTINS LOURENÇO
Has a graduate degree in Finance from the Instituto Superior de Economia de Lisboa (Lisbon Higher Institute of Economics); has a master's degree in Economics and Management in Sc. & Technology from the ISEG in Lisbon; a Chartered Accountant since 1988.
Elected as member of the company's Audit Board in the Special Meeting in 2007, and re-elected in the General Meeting in 2008, and his term expires on 31 December 2011.
On 31 December 2011 he held no shares of the share capital of Estoril-Sol, SGPS, SA.

ANTÓNIO JOSÉ ALVES DA SILVA
Has a Baccalaureate in Accounting. A Chartered Accountant since 1974.

Elected as member of the company's Audit Board in the Special Meeting in 2007, and re-elected in the General Meeting in 2008, and his term expires on 31 December 2011.

In the last 5 years, he served as the Chartered Accountant for the following companies: BJH, S.A; Bonafarma, S.A.; Bruno Janz, S.A.; Equiconsulte, S.A.; Jaba Farma, S.A.; Jaba Farmacêutica, S.A.; Jaba SGPS, S.A.; Monte da Pouca Farinha, S.A.; Novamed, S.A.; Proemba, S.A.; Sociedade Imobiliária – Qtª da Barreta, S.A.

On 31 December 2011 he held no shares of the share capital of Estoril-Sol, SGPS, SA.

ARMANDO DO CARMO GONÇALVES
Has a graduate degree from the Lisbon Faculty of Law, 1983/84. Holds a graduate degree in Finance from the ISCEF-Lisbon, in 1967/68. Has a master's degree in Company Management in the field of Accounting and Financial Control from the Universidade Autónoma de Lisboa. Took part in several international congresses and meetings on auditing, accounting and management. A Chartered Accountant since 1997. Since 1990, an accounting professor at the ISCAL, with the category of Associate Professor. University Professor.
Elected as member of the company's Supervisory Board in the Special Meeting in 2007, and re-elected in the General Meeting in 2008, and his term expires on 31 December 2011.

On 31 December 2011 he held no shares of the share capital of Estoril-Sol, SGPS, SA.

II.23. The duties that the members of the Statutory Audit Committee carry out in other companies as well as those carried out in companies of the same group.

None of the members of the Audit Board exercise any other functions in companies of the Estoril Sol Group

MÁRIO PEREIRA PINTO
Chairman of the Board of Change Partners, SCR, SA
Chairman of the Board of Change Partners, SGPS, SA
Chairman of the Board of Hottrade, S.A.
Chairman of the Board of Fluidinova, S.A.
Non-executive director of BA - Glass, SA
Director of CEV - Consumo em Verde, S.A.

MANUEL MARTINS LOURENÇO
Statutory Auditor of the Company Sogapal - Sociedade Gráfica da Paiâ, S.A.
Statutory Auditor of the Company Octapharma - Distribuição de produtos farmacêuticos. S.A.
Statutory Auditor of the Company Salsicharia Estromocense, Ld.ª
Statutory Auditor of the company PREBUILD, S.A.

ANTÓNIO JOSÉ ALVES DA SILVA
Statutory Auditor in Equiconsulte, S.A
Statutory Auditor in Interlago, S.A
Statutory Auditor in L.D.R., S.A.
Statutory Auditor in LMGL, S.A
Statutory Auditor in LMGT, S.A
Statutory Auditor in Monte da Espinheira, S.A.
Statutory Auditor in Neves Tavares & Irmãos, S.A.
Statutory Auditor in Predial da Avessada, S.A.
Statutory Auditor in Simares, S.A.
Statutory Auditor in Soc. Agrícola - Qt.ª da Barreta, S.A.
Statutory Auditor in Tavares & Cº - Cortiças, S.A.

ARMANDO DO CARMO GONÇALVES
Statutory Auditor in Egor Portugal, S.A.
Statutory Auditor in Matur - Empreendimentos TS.A.
Statutory Auditor in Limpac Corporation
Statutory Auditor in Tecnovia, S.A.
Statutory Auditor in Iconomatro - Madeiras e Derivados, S.A.

II.24. Reference to the fact that annually the Audit Board evaluates the external auditor and the possibility of the proposed general meeting of the auditor's dismissal for just cause

The Company has an external auditor. Every year the Audit Board assesses the independence and performance of the Statutory Auditor.

II.25. to II.29.

(Not applicable owing to the model of governance of the Company)

SECTION IV – Remuneration

II.30. Description of the remuneration policy of the administration and supervision as referred to in Article 2 of Law no. 28/2009 of 19 June

The remuneration policy of the management and supervisory bodies was subject to approval in the General Meeting of 31 May 2010. The proposal on the policy of remuneration was unanimously approved by those present (shareholders who owned 90.6% of the share capital were present or duly represented).

The text that was subject to shareholder approval in the said General Meeting, which was point 6 on the agenda, is transcribed below.

"The policy of remuneration, general criteria and guiding principles

The policy of remuneration of the members of the management and supervisory bodies of Estoril Sol, SGPS, S.A. seek to promote the long term alignment of the interests of the members of these bodies with the interests of the Company. The principles to be observed in setting the remunerations are the following:

a) Functions performed

The functions actually performed by each of the members and the responsibilities that are associated to them in a substantive and not merely formal sense should be taken into consideration.

The appraisal of the functions effectively performed should be based on a variety of criteria including responsibility, experience required, technical requirements of the functions, availability, institutional representation, time dedicated, value added of certain kinds of intervention.

Within the framework of the assessment and classification of functions to establish remuneration, the functions performed in companies controlled by Estoril Sol SGPS, S.A. and any remuneration received from them are also analysed.

b) Economic situation of the Company

The economic situation of the Company should be taken into consideration, as well as the long-term interests and real growth of the Company and the creation of value for shareholders.

c) General market conditions for comparable situations

The setting of the remuneration of the members of the management and supervisory bodies of the Company should take into consideration the competitiveness of the framework of remuneration proposed. In fact, only within this framework is it possible to attract and retain competent professionals, with a level of performance appropriate to the complexity and responsibility of the duties assumed.

The setting of the remuneration of the members of the management and supervisory bodies should use the remuneration on offer in companies of the gaming sector and companies listed on the EuronextLisboa, of an equivalent size to that of Estoril Sol, SGPS, S.A. as a reference.

1. The concrete options for the remuneration policy that we submitted to the appreciation of the shareholders of the Company are the following:

1.1. Board of Directors

The remuneration of the remunerated members of the Board of Directors of Estoril Sol, SGPS, SA comprises a fixed amount paid 14 times per year.

1.2. Audit Board

The remuneration of the members of the Audit Board of Estoril Sol, SGPS, SA also comprises a fixed amount established in accordance with the normal market practice and prices for this type of service, paid 14 times per year.

1.3. Statutory Auditor

The Statutory Auditor of the Company has an annual remuneration that is also fixed, established in accordance with the normal market level of fees for this type of service.

Estoril, 14 May 2010
The Remuneration Committee"

II.31. Indication of the annual amount of remuneration received by individual members of the administration and supervision of the company, including fixed and variable remuneration, and for this, mention the different components that originated it, what portion is deferred and installment that has already been paid

The members of the Board of Directors and of the Audit Board only received fixed remuneration in 2011, for the global amount of 216,857.06 Euros, and 56,000 Euros, respectively, broken down as follows:

- BOARD OF DIRECTORS - Stanley Hun Sun Ho 59,357.06 Euros; Huen Wing Ming Patrick 52,500.00 Euros; Ambrose So 52,500.00 Euros; Jorge Armindo de Carvalho Teixeira 52,500.00 Euros;.

- AUDIT BOARD - Mário Pereira Pinto 21,000 Euros; António José Alves da Silva 14,000 Euros; Manuel Martins Lourenço 14,000 Euros; Armando do Carmo Gonçalves 7,000 Euros.

II.32. Information on how remuneration is structured to allow the alignment of interests of members of the Board of Directors with the long term interests of the Company as well as on how it is based on performance evaluation and how it discourages excessive risk taking

Viz. text subject to the approval of the General Meeting of 31 May 2010 and transcribed in point II.30 above.

II.33. Concerning the remuneration of executive directors:

a) Reference to the fact that the executive director´s remuneration includes a variable component and information on how this component depends on the performance evaluation;
b) Indication of the Company's bodies that are competent to assess the performance of the executive directors;
c) Indication of the predetermined criteria for the evaluation of the performance of the executive directors;
d) Explanation of the relative importance of variable and fixed components of remuneration of Directors, as well as an indication of the maximum limits for each component;
e) Indication of the deferment of payment of the variable remuneration component, specifying the period of deferral;
f) Explanation on how the payment of variable compensation is subject to continued positive performance of the company during the period of deferral;
g) Sufficient information about the criteria on which the variable remuneration in shares, as well as on the maintenance, by the executive members, the shares of the society they have entered on any contracts relating to such shares, including contracts hedging (hedging) or risk transfer, its boundary and its relation to the face value of total annual remuneration;
h) Sufficient information about the criteria on which the award of variable compensation in options and indicate the period of deferral and the exercise price;
i) Identification of main parameters and rationale for any annual bonus scheme and any other non-cash benefits;
j) Remuneration paid in the form of profit sharing and / or bonus payments and the reasons why such premiums and / or participation in profits were allowed;
k) Compensation paid or owed to former executive directors following the termination of their duties during the year;
l) Reference to contractual limitation provided for compensation to payfor dismissal without just cause of the Board of Directors member's and its relationship with the variable component of remuneration;
m) Any amounts paid out by other companies in a control or group relation;
n) Description of the main characteristics of supplementary pension or early retirement for administrators and indicate whether or not subject to the General Meeting of Shareholders;
o) An estimate of non-cash benefits considered as remuneration not covered above;
p) The existence of mechanisms that prevent the executive directors from signing contracts that undermine the rationale for the variable pay.

No differentiation is made in Estoril-Sol between executive directors and non-executive directors. Nevertheless, the Company will interpret this point so that it applies to the members of the Board of Directors, provided that this interpretation makes sense in each line.

In order to facilitate an understanding of the information provided in respect of this point, a global analysis will be made to provide a single reply.

The remuneration of the executive directors may include, but this has not been the case, a variable component, within the terms of Article 34 of the Articles of Association of the Company. The variable component depends on the desire manifested in the General Meeting by the shareholders.

There are no competent bodies in the Company to perform an appraisal of the directors' performance.

In 2011 there were no payments of variable remuneration to the directors. Similarly no compensation was paid, nor is any due, to former executive directors in relation to the cessation of their functions during the year.

The members who comprise the boards of various operational companies of the Estoril Sol Group received overall remunerations paid by other companies in a control or group relationship amounting to a total of 2,394,578.00 Euros, broken down individually as follows: Ambrose So 35,039.00 Euros; António José de Melo Vieira Coelho 445,063.00 Euros; Choi Man Hin 258,445.00 Euros; Huen Wing Ming Patrick 258,942.00 Euros; Mário Alberto Neves Assis Ferreira 959,246.00 Euros; Vasco Esteves Fraga 437,842.00 Euros.

There is no contractual arrangement for compensation payable for the dismissal of a director without just cause and its relationship with a variable component of the remuneration.

By the Articles of Association approved in the General Meeting of 29 May 1998, Estoril Sol, SGPS, SA again confirmed, in article 36, the right to a retirement pension paid by the company to the former directors who had already retired, based on the previous article 25 of the Articles of Association that were then altered, and the same rights and benefits as those of directors, in office at that time, who had or would have then completed ten years of service – after entering retirement - rights and benefits to be regulated in a contract to be agreed between the Company and these directors.

As already mentioned above (viz. Point II.1.5.7 supra), besides the pensions that arise from commitments assumed with retired directors, with regard to the others, cautious accounting requires provisions to be set up, notwithstanding the fact that this is not a constituted right, whether this be definitive or provisional. On this basis, Estoril Sol, based on an actuarial study updated each year, has reflected a provision in its accounts which on 31 December 2011 was 1,026,264 Euros, equal to the liabilities assumed in the case of the directors who had already retired, who receive an annual retirement pension broken down individually as follows: José Teodoro Telles 52,374.00 Euros and João Carlos Mendes 52,374.00 Euros. An identical provision is set up for 2,772,636.00 Euros to cover the future retirement pensions already contracted with Mário Assis Ferreira, Patrick Huen, Ambrose So, Choi Man Hin and Rui José da Cunha, who, when they retire, will receive an annual pension amount equivalent to that of the retired directors mentioned above.

In relation to Varzim-Sol, S.A., a company fully owned by Estoril-Sol, the following pension rights of some Directors were reinforced, resulting from the execution of the retirement insurance policies taken out for the purpose: Mário Alberto Assis Ferreira 1,773,861.63 Euros; António José M. Vieira Coelho 406,320.56 Euros and Vasco Esteves Fraga 303,164.80 Euros

During 2011 no complementary systems of pensions or early retirement were set up.

II.34. Reference to the fact that the remuneration of non-executive directors of the board does not include variable components

Viz. the remuneration policy – which only has a fixed component – approved in 2011. As mentioned above, the directors of the Company did not receive any variable component of remuneration in 2011.

II.35. Information over the policy adopted for reporting irregularities in the Company (media, people who are entitled to receive communications, treatment applicable and indication of the persons and bodies with access to information and their intervention in the procedure)

Subsidiary companies that are gaming concessionaries are subject to supervision by the Serviço de Inspecção de Jogo do Turismo de Portugal, I.P., to which it is mandatory to notify any irregularities found, as part of their operations. However the Company intends to formalise a policy for the reporting of irregularities that it will disclose in good time.

SECTION V – Specialised Committees

II.36. Identification of the committee´s members constituted for the purpose of assessing individual and overall performance of the executive directors, reflection on the governance system adopted by the Company and identification of potential candidates for the job of director

For the reasons already stated, the Company has no specialised committees set up at a Board of Directors level.

II.37. Number of meetings of committees set up with jurisdiction over the management and supervision during the year concerned as well as reference for carrying out the minutes of these meetings

Viz. reply to the previous number.

II.38. Reference to the fact that a member of the Remuneration Committee has knowledge and experience in remuneration policy

The Remuneration Committee of Estoril-Sol has three members (shareholders or not), elected by the General Meeting. The remuneration of the members of the governing bodies will be set by the Remuneration Committee, where such remuneration may consist of fixed amounts and/or percentages on profits from the fiscal year not occurring on distributions of reserves or on any non-distributable part of such profits, and, overall, such percentages may not exceed eleven percent for the Board of Directors.

Currently, the Remuneration Committee (elected in the General Meeting of 29 April 2008 - Minutes no. 81 – for the period from 2008 to 2011) comprises the following shareholders:

Dr. Stanley Hun Sun Ho;
Sr. Ambrose So;
Dr. João de Sousa Ventura.

II.39. Reference to the independence of individuals or companies engaged in the remuneration committee by an employment contract or a service's contract for the Board of Directors and, when applicable, the fact that these people have current relationship with the consultancy firm

The current shareholder structure of the Company means that this point does not apply.

CHAPTER III
INFORMATION AND AUDITING

III.1. The equity structure including those shares that are not admitted to trading, the different category of shares, rights and duties of these shares and the equity percentage that each category represents

The share capital of the Company is €59,968,420.00, which is fully paid-up, and is represented by 11,993,684 shares with a nominal value of €5.00 each.

The Company holds 62,565 treasury shares.

All the shares representing the share capital of the Company - ordinary, registered and bearer shares - are admitted for trading, and there are no categories of shares with special rights or duties.

III.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code

The Company has two shareholders of reference which, together, control, directly and indirectly, around 96.5% of the share capital and of the respective voting rights:

1 - FINANSOL, SOCIEDADE DE CONTROLO, SGPS, S.A.
Holds, directly and indirectly, a qualifying shareholding of 60.2% in the capital of ESTORIL-SOL, SGPS, SA, which corresponds to the same percentage of votes;

2 - AMORIM - ENTERTAINMENT E GAMING INTERNATIONAL, SGPS, S.A.
Holds, directly and indirectly, a qualifying shareholding of 35.9% in the capital of ESTORIL-SOL, SGPS, SA, which corresponds to the same percentage of votes.

III.3. Identification of the shareholders that hold special rights and a description of those rights

There are no shareholders in the Company who have special rights.

III.4. Possible restrictions on share-transfer, i.e. consent clauses for their disposal or restrictions on share-ownership

There are restrictions as to the transferability of shares resulting from the provisions under Council of Ministers Resolution no. 115/99 (2nd series), as published in the D.R. II series no. 184, dated 9 August 1999, which obliges the company to observe the requirements provided for under art. 17 of Decree Law no. 422/89, of 2 December, within the following terms:

***"** 1 - The equity of concessionary companies must not be less than 30% of the total net assets, and the percentage should be raised to 40% of such assets as of the sixth year after concluding the concession contract, without prejudice to the corresponding minimum share capital to be set, for each one, under the regulatory decree, to which article 11 pertains.*
2 – At least 60% of the share capital shall always be represented by either registered shares or bearer shares, under a registration system, and it is mandatory for concessionary companies to notify the Inspectorate-General for Gaming with regard to all transfers of property or the usufruct of these, within 30 days after registration in the company's appropriate book or via an equivalent formality.
3 – The purchase, in any capacity, of the holding or ownership of shares representing more than 10% of the capital or as a direct or indirect result of which there is a change in the control of the concessionaries by others, whether natural or legal persons, shall require permission from the member of the Government in charge of tourism, lest the purchasing parties be prevented from exercising their respective social rights.
4 - If the said party purchasing the shares is a legal person, authorization may condition the transfer in subjecting the purchasing party to the system set forth under this article.
*5 – The regulatory decree to which article 11 pertains may prevent or limit direct or indirect participation in the share capital on the part of a concessionary by (an)other concessionary(ies), and any purchases that violate the provisions of the said regulatory decree shall become null and void.**"***

III.5. Shareholder agreements which the company may be aware of and that may restrict the transfer of securities or voting rights

The Company is not aware of shareholder agreements that may restrict the transfer of securities or voting rights.

III.6. Rules applicable to the alteration of the Articles of Association of the Company

The alteration of the Articles of Association of the Company is subject to the imperative rules of the law such as those set out in the Articles of Association.

Besides the specific rules in the Articles of Association of the Company with regard to special reserves for the incorporation and increase of capital – article 31 – there are no other specific rules that relate to the alteration of the Articles of Association, where the general regime of the CCC applies.

III.7. Control mechanisms for a possible employees-shareholder system in as much as the voting rights are not directly exercised by them.

At this time there are no plans for any system for employees to participate in the capital of the Company.

III.8. Description concerning the evolution of the issuer's share price and taking the following into account:

a) The issuance of shares or other securities that entitle the subscription or acquisition of shares;

b) The outcome announcement;

c) The dividend payment for each share category including the net value per share.

In the Company's understanding the periodic disclosure of the results has had no impact either on the quantities of shares traded or on the evolution of the list price of the shares, as can be seen in the following tables:

Number of shares trading hands during the 2011 fiscal year

Month	Quantities	High price (€)	Low price (€)
January	1.196	6.07	5.26
February	1.625	7.00	5.51
March	595	6.00	5.70
April	1.536	5.60	4.30
May	3.750	5.00	3.33
June	2.024	4.05	3.63
July	2.291	4.10	3.40
August	661	3.01	3.00
September	600	3.10	3.10
October	1.167	3.16	2.86
November	847	4.00	2.34
December	1.284	2.38	1.80

Date for disclosing Estoril Sol, SGPS information

			Stock Prices (Euros)			
	Date	Quantities	Opening	High	Low	Closing
Annual accounts for 2010	11-05-2011	96	3.33	3.33	3.33	3.33
Payment dividends 2010	25-05-2011	618	4.04	4.04	4.04	4.04
1st Quarter Accounts for 2011	31-05-2011	100	5.00	5.00	5.00	5.00
1st Half Accounts for 2011	31-08-2011	30	3.00	3.00	3.00	3.00
3st Quarter Accounts for 2011	29-11-2011	67	2.34	2.34	2.34	2.34

During 2011 the Company did not issue any new shares or other securities that grant the right to the subscription of shares.

III.9. Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three years.

The financial effort arising from the materialization of the investments made in the companies sub-companies, associated to a policy of safeguarding the financial solidity the Group Companies has shaped the Company's policy of dividends.

Aware that the sustained creation of value for the shareholders is one of the management objectives, the Board of Directors has been committed, with regard to the financial autonomy of the Company, to allocate at least 30% of the Net Profit per year to dividends.

However, in years in which the Associate Companies, gaming concessionaires, made significant investments without requiring any financial contribution from the shareholders, it has now been considered necessary to suspend this policy of dividend distribution.

Below we provide an indication of the dividends distributed in the last three years:

2010 – 25 cents per share

2009 – 25 cents per share

2008 – there was no distribution of dividends

III.10. A description of the main characteristics of the share and stock option plans adopted or valid for the financial year in question, the reason for adopting the mentioned scheme and details of the category and number of persons included in the scheme, share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan.

Details shall also include the following:

a) The number of shares required for the share allotment and the number of shares required for the exercise of the exercisable options at the start and end of the year in question;

b) The number of allotted, exercisable and extinct shares during the year:

c) The General Meeting'sappraisal of the characteristics of the plans adopted or in force during the period in question

In the year in question, there were no plans for the attribution of shares or plans for the attribution of options for the acquisition of shares.

III.11. A description of the main business data and transactions carried out between the company and the members of the Management and Supervisory Bodies, the owners of qualifying holdings or parent companies, affiliates or group companies in an amount that is economically significant for any of the parties involved, except for those businesses or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business

During 2011, no business was conducted between the company and the members of its administrative and supervisory bodies, holders of qualifying holdings or companies that are controlled by or grouped under the company, where such holdings have not been fully paid up under normal market conditions for similar operations and which are part of the company's current activities.

III.12. Description of the key elements of business and operations between the Company and holders of qualifying holdings or entities with whom they are in any relationship, in accordance with article 20 of the Securities Code outside of normal market conditions

During 2011, no business was conducted between the company and holders of qualifying holdings or entities that are in any group or control relationship with them, within the terms of Article 20 of the SC, outside of normal market conditions.

III.13. Description of the procedures and criteria for intervention by the supervisory body for the purpose of preliminary assessment of the business to be held between the company and holders of qualifying holdings or entities with whom they are in any relationship, in accordance with article 20 of the Securities Code

No business of this nature was performed.

III.14. Description of statistical information (number, mean and maximum value) relating to the business subject to the prior intervention of the Supervisory Board.

No business of this nature was performed.

III.15. Indicating the release on the website of the company, annual reports on the activities of the General Council and Supervisory Commission for financial issues, the Audit Committee and the Supervisory Board, including information on any pained faced together with the documents of accountability

The annual reports on the activity undertaken by the Audit Board, including an indication of any constraints encountered, together with the documents showing the accounts submitted are available on the Company's website (www.estoril-solsgps.com).

III.16. Reference to an Investor Support Unit or a similar service, describing:
a) the role of the office;
b) type of information made available;
c) access means to the Office;
d) the company's website;
e) the market liaison officer's credentials.

The company has an Internet website (www.estoril-solsgps.com) available to investors in which it publishes financial information regarding its individual and consolidated operations, as well as links to commercial sites of its associated companies Estoril Sol III and Varzim Sol.

In addition, to answer the information requests regarding the life of the company – even though they are very few in number – the Company created an Investor Support Service which promptly answers all information requests asked of it.

The company representative for market relations is Dr. José Luís Silva Pimentel de Carvalho, whose contacts are:

Av. Clotilde, no. 331
2765-237 Estoril
Tel. 214667871
Fax. 214667963
Email: jpimentel@estoril-sol.com

III.17. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services:
a) Statutory account review services;
b) Other audit reliability services;
c) Tax consulting services;
d) Other non-statutory auditing services.

A description of the auditor's independency safeguarding measures is required, should the auditor provide any of the services described in subparagraphs c) and d). For this purpose, the concept of network is the onestated in the European Commission Recommendation no. C (2002) 1873, 16 May.

The effective Statutory Auditor of the Company is Lampreia & Viçoso, SROC registered with the Order of Chartered Accountants under no. 157 and registered with the CMVM under no. 7873, represented by Donato João Lourenço Viçoso (Statutory Auditor no. 334). The Statutory Auditor was elected, as proposed by the Audit Board in the General Meeting of 2008, for the period from 2008 to 2011.

In 2011, the said Statutory Auditor earned 75,500 Euros from the Companies of the Group, by way of fees relating to the legal auditing of accounts, and did not provide services of any other kind.

III.18. Reference to the rotation period of the External Auditor.

The Company has not established periods of rotation of the external auditor in the Articles of Association or in other legal instruments.

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Pursuant to the Commercial Companies Code and the Company's Articles of Association, it is proposed that the Net Profit, recorded by the individual accounts of the year, amounting to 6,656,383 Euros in the red, be applied in the caption of:

Retained Earnings ………………………… 6,656,383 Euros

Estoril, 11th of April 2012

The Board of Directors

- Chairman	- Stanley Hung Sun Ho
- Vice-Chairmen	- Wuen Wing Ming Patrick
	- Mário Alberto Neves Assis Ferreira
- Directors	- Pansy Catilina Chiu King Ho
	- Ambrose So
	- Man Hin Choi
	- Vasco Esteves Fraga
	- António José de Melo Vieira Coelho
	- Jorge Armindo de Carvalho Teixeira

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Information regarding the securities issued by ESTORIL-SOL, S.G.P.S., 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 31 December 2011.

Stanley Hung Sun Ho – Chairman of the Board of Directors
- On 31.12.2011 he held 135,662 shares of Estoril-Sol, S.G.P.S., S.A.;
  He neither purchased nor sold shares of this company during the year;
- On 31.12.201 he held 170,911 shares of FINANSOL, Sociedade de Controlo - SA (S.G.P.S.);
  He neither purchased nor sold shares of this company during the year;

Patrick Huen – Vice-Chairman of the Board of Directors
- On 31.12.2011 he held 50,000 shares of Estoril-Sol, S.G.P.S., S.A.;
  He neither purchased nor sold shares of this company during the year;

Mário Alberto Neves Assis Ferreira – Vice-Chairman of the Board of Directors
- On 31.12.2011 he held 601 shares of Estoril-Sol, S.G.P.S., S.A.;
  He neither purchased nor sold shares of this company during the year;

Ambrose So – Member of the Board of Directors
- On 31.12.2011 he held 50,000 shares of Estoril-Sol, S.G.P.S., S.A.
  He neither purchased nor sold shares of this company during the year;

Choi Man Hin – Member of the Board of Directors
- On 31.12.2011 he held 527 shares of Estoril-Sol, S.G.P.S., S.A.;
  He neither purchased nor sold shares of this company during the year;

Vasco Esteves Fraga – Member of the Board of Directors
- On 31.12.2011 he held 608 shares of Estoril-Sol, S.G.P.S., S.A.;
  He neither purchased nor sold shares of this company during the year;

Rui José da Cunha – Director of the Advisory Board
- On 31.12.2010 he owned 12,300 shares of Estoril-Sol, S.G.P.S., S.A.
  He neither purchased nor sold shares of this company during the year.

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

On 31 December 2011, ESTORIL SOL, S.G.P.S., S.A. held 62,565 treasury shares, and as FINANSOL - SOCIEDADE DE CONTROLO, S.G.P.S., S.A., on 31 December 2010, held 6,930,604 shares of ESTORIL-SOL, S.G.P.S., S.A., it was a direct holder of 58.1% of the share capital and 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 246,698 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 2.49% 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 60.6%, which is identical to the percentage of votes.

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

On 31 December 2011, 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 32.8% of the share capital and of the voting rights of ESTORIL SOL, S.G.P.S., S.A..
The Companies Briargrove Limited and Nyland Limited as well as the respective "beneficial owners", Srs. Joaquim Ferreira de Amorim, José Américo Amorim Coelho and António Ferreira de Amorim, held 361,500 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 3.0% 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., SA in the share capital of ESTORIL-SOL, S.G.P.S., S.A. was, on 31 December 2010, 35.9% which is identical to the percentage of votes.

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INDIVIDUAL FINANCIAL STATEMENTS

AND

NOTES TO THE ACCOUNTS

Balance Sheets on 31 December 2011 and 2010

(Amounts in Euros)

Assets	Notes	2011	2010
NON - CURRENT ASSETS			
Tangible fixed assets	6	61.955	1.306.328
Financial investments	7	142.599.714	156.579.675
Other non- current assets	8	264.340	235.043
Total non-current assets		142.926.010	158.121.046
CURRENT ASSETS			
State and Public Sector	19	28.325	-
Debts of group companies	21	1.886.992	-
Other accounts receivable		-	1.550
Deferrals	10	7.367	1.795
Cash and bank deposits	4.1	5.453	47.782
Total current assets		1.928.137	51.127
Total assets		144.854.147	158.172.173
EQUITY AND LIABILITIES			
EQUITY			
Paid-up capital	11	59.968.420	59.968.420
Treasury shares	11	(708.306)	(708.306)
Issue premiums	11	7.820.769	7.820.769
Legal reserve	12	6.614.782	6.411.391
Other reserve	12	29.311.285	29.311.285
Retained earnings		(9.048.106)	(9.929.752)
Revaluation surplus		8.978.651	8.978.651
Other variations in equity		(594.686)	281.903
Net profit of the year		(6.656.383)	4.067.817
Total equity		95.686.426	106.202.178
LIABILITIES			
NON - CURRENT LIABILITIES			
Provisions	14	4.307.071	4.774.133
Financing obtained	15	5.046.180	10.062.496
Total non-current liabilities		9.353.251	14.836.629
CURRENT LIABILITIES			
Suppliers	18	50.337	136.988
State and Public Sector	19	78.859	72.990
Financing obtained	15/16	11.837.332	18.167.653
Debts to group companies	21	27.388.114	15.506.043
Others accounts payable	17	459.829	27.869
Deferrals	10	-	3.221.824
Total current liabilities		39.814.470	37.133.366
Total liabilities		49.167.721	51.969.995
Total equity and liabilities		144.854.147	158.172.173

The notes form part of the balance sheet on 31 December 2011

INCOME STATEMENT

OF THE YEARS ENDED ON 31 DECEMBER 2011 AND 2010

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(Amounts in Euros)

INCOME AND COSTS	Notes	2011	2010
Gains / Losses imputed from subsidiaries	7	(3.896.121)	7.761.265
External supplies and services	22	(549.685)	(565.910)
Staff costs	23	(1.263.469)	(1.664.161)
Impairment of debts receivable (losses/reversals)		(4.943)	-
Provisions (increases / reductions)	14	467.062	(5.814)
Other income and gains	25	139.827	-
Other costs and losses	26	(213.380)	-
Result before depreciation, financing costs and taxation		(5.320.708)	5.525.380
Costs depreciation	27	(17.048)	(9.363)
Operational result (before financing costs and income tax)		(5.337.756)	5.516.017
Interest and similar income obtained	28	557	210
Interest and similar costs borne	29	(1.269.184)	(1.388.410)
Net result before income tax		(6.606.383)	4.127.817
Income tax of the year	9	(50.000)	(60.000)
Net profit of the year		(6.656.383)	4.067.817
Result per basic share		(0,56)	0,34

The notes form part of the income statement by nature
of the year ended on 31 December 2011

CASH FLOW STATEMENTS

OF THE YEARS ENDED ON 31 DECEMBER 2011 AND 2010

(Amounts in Euros)

	Notes	2011	2010
OPERATIONS ACTIVITIES:			
Payments to suppliers		(700.881)	(562.339)
Payments to staff		(1.231.174)	(1.206.653)
Cash flow generated by operations		(1.932.055)	(1.768.992)
Payment of income tax		(26.159)	-
Other receipts relating to the operating activity		(279.307)	(174.432)
Cash flow generated by operating activities (1)		(2.237.521)	(1.943.424)
INVESTMENT ACTIVITIES:			
Receipts from:			
Repayment of additional capital payments	8	5.000.000	-
Dividends	8	5.500.000	-
		10.500.000	-
Payments in respect of:			
Tangible fixed assets	16	(17.652)	(1.600)
Financial holdings	8	(5.425.000)	-
		(5.442.652)	(1.600)
Cash flow from investment activities (2)		5.057.348	(1.600)
FINANCING ACTIVITIES:			
Receipts from:			
Financiing obtained from credit institutions	16	821.016	-
Financiing obtained from related parties		11.884.238	6.862.487
		12.705.254	6.862.487
Payments in respect of:			
Financiing obtained from credit institutions	16	(12.150.000)	-
Financiing obtained from related parties		-	(700.000)
Interest and similar costs		(1.255.646)	(1.220.162)
Dividends	13	(2.982.779)	(2.977.858)
		(16.388.425)	(4.898.020)
Cash flow from financing activities (3)		(3.683.171)	1.964.467
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		(863.344)	19.443
Cash and cash equivalents at the start of the year		47.781	28.338
Cash and cash equivalents at the end of the year	4.1	(815.563)	47.781

The notes form part of the cash flow statement
of the year ended on 31 December 2011

STATEMENTS OF CHANGES IN EQUITY

OF THE YEARS ENDED ON 31 DECEMBER 2011 AND 2010

(Amounts in Euros)

	Paid up capital	Treasury Shares	Issue Premiums	Legal Reserve	Other Reserves	Reavaluation Surpluses from tangible and intangible fixed assets	Retained earnings	Other variations in equity	Net result of the year	Total equity
Balance on 1 January 2010	59.968.420	(708.306)	7.820.769	6.118.345	29.311.285	8.978.651	(6.681.407)	281.903	5.860.890	110.950.550
Application of the net profit of the year ended on 31 December 2009 (Note 13)	-	-	-	293.046	-	-	2.585.065	-	(5.860.890)	(2.982.779)
Net profit of the year ended on 31 December 2010	-	-	-	-	-	-	-	-	4.067.818	4.067.818
Changes in accounting policies	-	-	-	-	-	-	(5.833.411)	-	-	(5.833.411)
Balance on 1 January 2011	59.968.420	(708.306)	7.820.769	6.411.391	29.311.285	8.978.651	(9.929.753)	281.903	4.067.818	106.202.178
Application of the net profit of the year ended on 31 December 2010 (Note 13)	-	-	-	203.391	-	-	881.647	-	(4.067.818)	(2.982.780)
Net profit of the year ended on 31 December 2011	-	-	-	-	-	-	-	-	(6.656.383)	(6.656.383)
Adjustments in related financial assets with the equity pick-up method	-	-	-	-	-	-	-	(876.589)	-	(876.589)
Balance on 31 December 2011	59.968.420	(708.306)	7.820.769	6.614.782	29.311.285	8.978.651	(9.048.106)	(594.686)	(6.656.383)	95.686.426

The notes form part of the statement of changes in equity of the year ended on 31 December 2011

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1. INTRODUCTION

Estoril Sol, SGPS, S.A., ("Company") is a public limited-liability company, which resulted from a change, on 18 March 2002, to the legal status of Estoril Sol, S.A. which was constituted on 25 June 1958 and has its registered office in Estoril. The a result, all operations that had been carried out were transferred to companies incorporated for this purpose, assuming the status of its subsidiaries. In turn, the parent company's main operations involved holdings management with its shares listed on the Euronext Lisbon.

The Company's social object is the management of shareholdings.

The attached financial statements are presented in Euros, given that this is the currency preferentially used in the economic environment in which the Company operates, and refer to the Company in individual terms. The Company prepared and presented separate consolidated financial statements which include the financial statements of the companies in which it has management control or which it jointly controls.

The financial statements were approved by the Board of Directors on 11 April 2012.

2. ACCOUNTING REFERENCES FOR PREPARING THE FINANCIAL STATEMENTS

The attached financial statements were prepared in accordance with the legal provisions in force in Portugal, in conformity with Decree Law no. 158/2009, of 13 July and, in accordance with the conceptual structure, the national Accounting Standards and Financial Reporting ("NCRF") and Interpretative Standards ("IS") issued, respectively, in notifications 15652/2009, 15655/2009 and 15653/2009, of 27 August 2009, which, as a whole, form the Accounting Standards System ("SNC"). Henceforce, this set of standards and interpretations will be generically called "NCRF".

Since 1 January 2005, the consolidated financial statements of Estoril Sol, S.G.P.S. S.A. have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. For this reason, the equity on 31 December 2011 and 2010, as well as the net profits of the years ended on these dates that appear in the consolidated financial statements of the Estoril Sol Group differ from the figures presented in the individual financial statements.

3. MAIN ACCOUNTING POLICIES

3.1 Bases of presentation

The attached financial statements were prepared on the basis of the continuity of operations, based on the books and accounting records of the Company kept in accordance with the NCRF.

3.2 Financial investments

Investments in subsidiaries are stated using the equity pick-up method. In accordance with the equity pick-up method, the shareholdings are initially stated at their acquisition cost and subsequently adjusted according to the changes verified, after the acquisition, by the quota-part of the Company in the net assets of the corresponding entities. The results of the Company include the part that corresponds to it in the results of these entities.

The excess of the acquisition cost over the fair value of identifiable assets and liabilities of each entity acquired on the acquisition date is recognised as goodwill and is kept at the financial investment value. If the difference between the acquisition cost and the fair value of the net assets and liabilities acquired is negative, this is recognised as income of the year.

An assessment is made of the financial investments when there is an indication that an asset could be impaired, with any impairment losses being stated as costs in the income statement.

When the Company's proportion in the accumulated losses of the subsidiary company, jointly controlled entity or associate company exceeds the value at which the investment is recorded, the investment is reported at zero, except when the Company has assumed a commitment to cover the losses of the associate company, in which cases the additional losses determine the recognition of a liability. If the associate company subsequently reports profits, the Company resumes the recognition of its quota-part in these profits only after its part in the profits equals the unrecognised part of the losses.

Unrealised gains in transactions with subsidiaries, jointly controlled companies and associate companies are eliminated proportionally to the Company's interest in them, against the corresponding investment caption. Unrealised losses are similarly eliminated, but only up to the point in which the loss does not arise from a situation in which the asset transferred is impaired.

3.3 Tangible fixed assets

Tangible fixed assets are initially stated at acquisition cost, which includes the purchase cost and any costs directly attributable to putting the assets in the place and in the condition necessary for them to operate as intended, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated, after the asset is ready to be used, in accordance with the straight line method, with duodecimal imputation, according to the estimated useful life for each class of assets.

The useful lives and method of depreciation of the various assets are reviewed annually. The effect of any alteration to these estimates is recognised prospectively in the income statement.

Tangible fixed assets are depreciated in accordance with the straight line method with duodecimal imputation over\ the following estimated useful lives:

Homogenous Class	Years
Vehicles	3 - 4
Office equipment	3 - 10

Maintenance and repair expenses (subsequent expenditure) that are not likely to generate additional future economic benefits are stated as costs in the year in which they are incurred.

The gain (or loss) resulting from the sale or write-off of a tangible fixed asset is determined as the difference between the amount received in the transaction and the net book value of the asset and is recognised in results in the year in which the write-off or sale occurs.

3.4 Leasing

Leasing contracts are classified as finance leasing whenever their terms substantially transfer all the risks and rewards associated to the ownership of the asset to the lessee. Other leasing contracts are classified as operating leases. Leasing is classified according to the substance and not the form of the contract.

Leasing where the Company acts as lessee

Assets acquired under finance lease contracts, as well as the corresponding responsibilities, are recorded at the start of the leasing for the lower value of either the fair value of the assets or the present value of the minimum leasing payments. Finance lease instalment payments are split between financial charges and reducing the liability, so that a constant interest rate is obtained on the outstanding balance of the liability.

In the case of operating leases, the lease instalments due are recognised as costs on a straight-line basis over the period of the lease contract. The incentives received are stated as a liability, with the aggregate amount thereof being recognised as a reduction in the expense with the lease, also on a straight-line basis.

Contingent income is recognised as an expense of the year in which it is incurred.

3.5 Impairment of tangible fixed assets and shareholdings

Whenever there is any indication that the tangible and intangible fixed assets of the Company could be impaired, an estimate is made of their recoverable value in order to determine the extent of the impairment loss (if that is the case). When it is not possible to determine the recoverable value of an individual asset, the recoverable amount is estimated for the cash generating unit to which the asset belongs.

The recoverable value of the asset or of the cash generating unit is the higher of (i) the fair value less sale costs and (ii) the current use value. In determining the current use value, the estimated future cash flows are discounted using a discount rate that reflects the market expectations regarding the temporal value of the money and with regard to the specific risks of the asset or of the cash generating unit in relation to which the estimates of future cash flows have not been adjusted.

Whenever the net book value of the asset or of the cash generating unit is higher than its recoverable value, an impairment loss is recognised. The impairment loss is immediately entered in the income statement, except if this loss compensates a revaluation surplus recorded in equity. In the latter case, this loss will be treated as a decrease in that revaluation.

The reversal of impairment losses recognised in previous years is recorded when there is evidence that the previously recognised impairment losses no longer exist or have reduced. The reversal of impairment losses is recognised in the income statement in the respective caption of “Reversals of impairment losses”. Impairment losses are reversed up to the limit of the amount that would be recognised (net of amortization) if the loss had not been recorded.

3.6 Accrual accounting

Expenses and income are recognised in the year they relate to, in accordance with the principle of accrual accounting, irrespective of when the transactions are invoiced. Expenses and income for which the real value is not known are estimated.

Expenses and income imputable to the current year where the expense and revenue will only occur in future periods, together with the expenses and revenue that have already occurred, but which are in respect of future periods and which will be imputed to the results of each of these periods, are stated in the deferrals captions at the value corresponding to them.

3.7 Income tax

Income tax corresponds to the sum of current tax and deferred tax. Current tax and deferred tax are entered in results, except when the deferred tax is related with items recorded directly in equity. In these cases the deferred tax is also stated in equity.

The current tax on income is calculated based on the taxable profit of the year of the various entities included in the consolidation perimeter. The taxable profit differs from the book result as it excludes diverse expenses and income that will only be deductible or taxable in subsequent years, as well as expenses and income that will never be deductible or taxable in accordance with the tax rules in force.

Deferred tax relates to temporary differences between the amounts of the assets and liabilities for the purpose of the reporting of accounts and the respective amounts for the purpose of taxation, as well as the results of tax benefits obtained and of temporary differences between the fiscal result and the book result.

Deferred tax liabilities are generally recognised for all temporary taxable differences.

Deferred tax assets are recognised for deductible temporary differences, although this recognition only occurs when there is a reasonable expectation of sufficient future taxable profits to use these deferred tax assets. On each reporting date these deferred tax assets are re-assessed and are adjusted according to the expectations regarding their future use.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be in force on the date of the reversal of the corresponding temporary differences, based on the tax rates (and fiscal legislation) that are formally issued on the reporting date.

Compensation between deferred tax assets and liabilities is only permitted when: (i) the Company has a legal right to perform compensation between such assets and liabilities for the purpose of settlement; (ii) these assets and liabilities are related with taxation on income raised by the same fiscal authority (i) and (iii) the Company has the intention to perform the compensation for the purpose of settlement.

The Estoril Sol is covered by the Special System for Taxation of Groups of Companies ("SSTGC"), as established in articles 69 of the Portuguese Corporate Income Tax Code (CIRC) and covers all the companies in which it has a direct or indirect holding of at least 90% of the respective capital and which are, at the same time, resident in Portugal and taxed under Corporation Tax (IRC). Under this regime the taxable profit of the group relating to each tax period is calculated by the controlling company (Estoril Sol, SGPS, SA), through the algebraic sum of taxable profits and tax losses obtained in the individual periodic statements for each of the companies belonging to the group. The amount obtained is adjusted for part of the profits distributed among group companies that is included in the individual taxable bases.

The following companies are part of this system:

- Estoril Sol, SGPS, S.A;
- DTH – Desenvolvimento Turístico e Hoteleiro, S.A.;
- Estoril Sol Imobiliária, S.A.;
- Estoril Sol V – Investimentos Imobiliários, S.A.;
- Chão do Parque – Sociedade de Investimentos Imobiliários, S.A.;
- Estoril Sol e Mar – Investimentos Imobiliários, S.A.;
- Estoril Sol Investimentos Hoteleiros, S.A.

3.8 Financial assets and liabilities

Financial assets and liabilities are recognised in the balance sheet when the Company becomes party to the corresponding contractual provisions.

Financial assets and liabilities are measured at cost or at amortised cost less any accumulated impairment losses (in the case of financial assets), when:

- They are receivable/payable at sight or have a defined maturity; and
- They are associated to a fixed or determinable return; and
- They are not or do not incorporate a financial derivative instrument.

The amortised cost corresponds to the value at which a financial asset or a financial liability is measured when initially recognised, less the repayments of capital, plus or minus the cumulative depreciation, using the effective interest rate method, of any difference between this amount at maturity. The effective interest rate is the rate that exactly discounts the estimated future payments or receipts in the net book value of the financial asset or liability.

Financial assets and liabilities at cost or at amortised cost include:
Other accounts receivable
Cash and bank deposits
Financing obtained
Suppliers
Other accounts payable

Contracts to grant or take out loans that cannot be settled on a net basis and which, when executed, have the conditions described above, are also classified in the category “at cost or amortised cost”, being measured at cost less accumulated impairment losses.

The amortised cost is determined using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future payments or receipts during the expected life of the financial instrument in the net book value of the financial asset or liability.

Cash and bank deposits

The caption of cash and bank deposits includes cash and bank deposits which can be moved immediately (in a period of less than or equal to three months) net of bank overdrafts.

Impairment of financial assets

Financial assets classified in the category “at cost or amortised cost” are subject to impairment tests on each reporting date. These financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after their initial recognition, their estimated future cash flows are affected.

For financial assets measured at amortised cost, the impairment loss to be recognised corresponds to the difference between the net book value of the asset and the present value of the new estimated future cash flows discounted at the respective original effective interest rate.

For financial assets measured at cost, the impairment loss to be recognised corresponds to the difference between the net book value of the asset and the best estimate of the fair value of the asset.

Impairment losses are stated in results in the caption “Impairment losses” in the year in which they are determined.

Subsequently, if the amount of the impairment loss reduces and this reduction can be objectively related with an event that took place after the recognition of the loss, this should be reversed in results. The reversal should be carried out up to the limit of the amount that would be recognised (amortised cost) if the loss had not been initially recorded. The reversal of impairment losses is entered in results in the caption “Reversals of impairment losses”. The reversal of impairment losses stated in investments in equity instruments (measured at cost) is not permitted.

Derecognition of financial assets and liabilities

The Company only derecognizes financial assets when its contractual rights to the cash flow arising from of these assets expire, or when the financial assets and all the significant risks and benefits associated to their ownership are transferred to another entity. Financial assets transferred in relation to which the Company retained some significant risks and benefits are derecognised, provided that control over them has been ceded.

The Company only derecognizes financial liabilities when the corresponding obligation is settled, cancelled or expires.

3.9 Provisions, post-employment benefits, contingent liabilities and contingent assets

Provisions

Provisions are acknowledged by the Company when and only when there is a present obligation (legal or implied) resulting from a past event, for the resolution of which it will likely become necessary to spend internal resources, the amount of which may be reasonably estimated.

The recognised amount of the provisions consists in the present value of the best estimate on the reporting date of the resources necessary to settle the obligation. This estimate is determined taking into consideration the risks and uncertainties associated to the obligation.

Provisions are revised on the reporting date and are adjusted so as to reflect the best estimate on this date.

Post-employment benefits

I - Defined benefit plans

With regard to the defined benefit plans, the corresponding cost is determined using the projected unit credit method, where the respective liabilities are determined based on actuarial studies carried out on each reporting date by independent actuaries.

The costs of past services is recognised in results on a linear basis during the period until the corresponding benefits are acquired. They are recognised immediately as the benefits have been totally acquired.

The liability associated to the benefits guaranteed recognised in the balance sheet represents the present value of the corresponding obligation, adjusted by actuarial gains and losses and by the cost of unrecognised past services.

Contingent liabilities

Contingent liabilities are not recognised in the financial statements, being disclosed whenever the possibility of there being an outflow of resources including economic benefits is not remote nor probable.

Contingent assets

Contingent assets are not recognised in the financial statements, being disclosed when the existence of a future economic influx of resources is probable.

3.10 Financial charges with financing obtained

Financial charges related with loans obtained are generally recognised as expenses as they are incurred.

3.11 Judgments of value, critical assumptions and main sources of uncertainty associated to estimates

In the preparation of the attached financial statements judgments of value and estimates were made and diverse assumptions used that affect the book value of the assets and liabilities, as well as the income and expenses of the year.

The underlying estimates and assumptions were determined based on the best knowledge of the events and transactions in hand existing on the date of approval of the financial statements, as well as on the experience of past and/or current events. Nevertheless, situations can occur in subsequent periods that, not being foreseeable on the date of approval of the financial statements, were not considered in these estimates. Changes to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason and given the degree of associated uncertainty, the real results of the transactions in question may differ from the corresponding estimates.

The main judgments of value and estimates made in the preparation of the attached financial statements were the following:

- Impairment of shareholdings;
- Impairment of accounts receivable;
- Useful life of tangible fixed assets;
- Provisions.

3.12 Events after the balance sheet date

Events which occur after the of balance sheet date and which provide additional information regarding conditions that existed on the of balance sheet date (events after the balance sheet date that give rise to adjustments) are reflected in the financial statements. Events which occur after the balance sheet date which provide information on conditions that may occur after the balance sheet date (that do not give rise to adjustments) are disclosed in the financial statements, if they are considered material.

4 CASH FLOW

4.1. Cash and bank deposits

For the purposes of the cash flow statement, cash and cash equivalents includes cash, immediately available bank deposits (of less than or equal to three months) net of bank overdrafts. On 31 December 2011 and 31 of December 2010 the caption Cash and bank deposits is broken down as follows:

	2011	2010
Cash	381	1.229
Immediately avaiable ban deposits	5.072	46.553
Cash and cash equivalents	5.453	47.782
Bank Overdrafts (Note 15)	(821.016)	-
Cash and bank deposits	(815.563)	47.782

5. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

During the year ended on 31 December of 2011, 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 December 2010, nor were any material errors recognised relating to previous periods. However, due to the changes that have occurred in the macroeconomic environment and in the increase in discount rates, there have been significant changes in estimates and in the assumptions used in the impairment tests of certain assets, namely those relating to shareholdings (Note 7).

During the year ended on 31 December 2010, there were no changes in accounting policies, nor to the main estimates used, in relation to those used in the preparation and presentation of the financial statements of the year ended on 31 December 2009.

6. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2011 and 31 December 2010 the movement in tangible fixed assets, as well as in the respective depreciation and accumulated impairment losses, was the following:

2011

	Vehicles	Office equipment	Advances on tangible fixed assets	Total
Gross assets:				
Opening balance	86.621	1.745	1.227.325	1.315.691
Transfers /Adjustments	-	-	(1.227.325)	(1.227.325)
	86.621	1.745	-	88.366
Depreciation and accumulated imparment losses:				
Opening balance	9.363	-	-	9.363
Depreciation of the year (Note 27)	16.050	998	-	17.048
Closing balance	25.413	998	-	26.411
Net assets	61.208	747	-	61.955

2010

	Vehicles	Office equipment	Advances on tangible fixed assets	Total
Gross assets:				
Opening balance	93.244	-	1.227.325	1.320.569
Acquisitions	86.621	1.745	-	88.366
Write-offs	(93.244)	-	-	(93.244)
Closing balance	86.621	1.745	1.227.325	1.315.691
Depreciation and accumulated imparment losses:				
Opening balance	56.313	-	-	56.313
Depreciation of the year (Note 27)	9.363	-	-	9.363
Write-offs	(56.313)	-	-	(56.313)
Closing balance	9.363	-	-	9.363
Net assets	77.258	1.745	1.227.325	1.306.328

7. SHAREHOLDINGS AND LOANS TO SUBSIDIARY COMPANIES

On 31 December 2011 and on 31 December 2010 the Company had the following shareholdings stated using the equity pick-up method:

				2011			2010		
Subsidiaries	Head Office	Assets	Liabilities	% held	Equity	Net Profit	% held	Equity	Net Profit
Estoril Sol (III) - Turismo, Animação e Jogo, S.A.	Estoril	209.264.062	119.034.565	100,00%	90.229.497	5.854.663	100,00%	98.944.722	9.185.226
Varzim Sol - Turismo, Jogo e Animação, S.A.	Póvoa de Varzim	69.839.711	36.338.544	100,00%	33.501.168	(4.861.532)	100,00%	30.669.400	(1.402.178)
Estoril Sol V - Investimentos Imobiliários, S.A.	Estoril	50	17.140	100%	(17.090)	(2.100)	100%	(14.990)	(1.206)
DTH - Desenvolvimento Turistico e Hoteleiro, S.A.	Estoril	3.176.352	1.205.968	100%	1.970.384	(8.499)	100%	1.978.883	(196.956)
Estoril Sol Imobiliária, S.A.	Estoril	8.010.661	1.676.719	100%	6.333.943	(31.193)	100%	6.365.135	(147.644)
Chão do Parque, Investimentos imobiliários, S.A.	Estoril	-	40.909	90%	(40.909)	(4.413)	90%	(36.496)	(4.608)
Estoril Sol - Investimentos Hoteleiros, S.A.	Estoril	9.088.345	-	90%	9.088.345	900.645	90%	8.187.700	(7.466)
Estoril Sol e Mar - Investimentos Imobiliários, S.A.	Estoril	1.476.517	140	100%	1.476.377	(20.641)	100%	572.019	399.064

The movement in the caption "Shareholdings", as well as of the respective accumulated impairment losses, was the following:

	2011
Holdings in subsidiary companies	
Opening balance	156.579.675
Gains / Losses imputed from subsidiaries	(3.896.121)
Acquisitions / Capital increases / Repayments	(3.707.251)
Dividends Distribution	(5.500.000)
Other variations in equity	(876.589)
Closing balance	142.599.714

	2010
Holdings in subsidiary companies	
Opening balance	169.537.364
Gains / Losses imputed from subsidiaries	7.830.046
Acquisitions / Capital increases / Repayments	(15.000.000)
Change in accounting policy	(5.787.735)
Closing balance	156.579.675

During 2011 the Company made capital increases in its subsidiaries, as follows:

- 4,500,000 Euros in Varzim Sol – Turismo, Jogo e Animação, S.A;
- 925,000 Euros in Estoril Sol e Mar - Investimentos Imobiliários, S.A.

During 2011 the subsidiary company, Estoril Sol (III) – Turismo, Animação e Jogo, S.A., repaid additional capital payments amounting to 5,000,000 Euros that had been made in the past.

Estoril Sol (III) – Turismo, Animação e Jogo, S.A distributed dividends to the Company amounting to 5,500,000 Euros

8. OTHER NON-CURRENT ASSETS

On 31 December 2011 and on 31 December 2010 this caption was made up as follows:

	2011	2010
State and Public Sector	264.340	235.043
	264.340	235.043

These amounts relate to IRC (Corporate Income Tax) and VAT (Value Added Tax) which is recoverable, or the subject of complaint or litigation.

9. INCOME TAX

The Company is subject to Corporate Income Tax (“IRC”), at the rate of 25% on taxable income over 12,500 Euros, with a rate of 12.5% applying on taxable income lower than this amount, pursuant to article 87 of the Corporate Income Tax Code. Furthermore, as from 1 January 2010 taxable profits which exceed 2,000,000 Euros are subject to a State Tax (*Derrama estadual*) at a rate of 2.5%, within the terms of article 87-A of the Code of the Corporate Income Tax Code.

In accordance with legislation in force, the tax declarations are subject to revision and correction by the tax authorities during a period of four years (five years for the Social Security), except when there have been tax losses, tax benefits have been granted, or inspections, complaints or objections are under way, in which cases, depending on the circumstances, deadlines for filing such statements are extended or suspended. In this way, the Company’s tax declarations of the years from 2008 to 2011 could still be subject to revision.
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The Company is covered by the Special System for Taxation of Groups of Companies ("SSTGC"), which is defined in article 69 of the Corporate Income Tax Code and covers all the companies in which it has a direct or indirect holding of at least 90% of the respective capital and which are, at the same time, resident in Portugal and taxed under Corporation Tax (IRC). Under this regime the taxable profit of the group relating to each tax period is calculated by the controlling company (Estoril Sol, SGPS, SA), through the algebraic sum of taxable profits and tax losses obtained in the individual periodic statements for each of the companies belonging to the group. The amount obtained is adjusted for part of the profits distributed among group companies that is included in the individual taxable bases.

The following companies are part of this system:

- Estoril-Sol, SGPS, S.A;
- DTH – Desenvolvimento Turístico e Hoteleiro, S.A.;
- Estoril Sol Imobiliária, S.A.;
- Estoril Sol V – Investimentos Imobiliários, S.A.;
- Chão do Parque – Sociedade de Investimentos Imobiliários, S.A.;
- Estoril Sol e Mar – Investimentos Imobiliários, S.A.;
- Estoril Sol Investimentos Hoteleiros, S.A.

The cost with taxation on income on 31 December 2011 and on 31 December 2010 is broken down as follows:

	2011	2010
Pre-Tax Profit	(6.606.383)	4.127.817
Other companies included in the SSTGC	833.800	(496.627)
	(5.772.583)	3.631.190
Non-deductible expenses		
Losses in subsidiaries, equity pick-up	10.651.429	1.754.244
Other non-deductible expenses	309.919	39.598
	10.961.348	1.793.842
Non-taxable income		
Gains in subsidiaries, equity pick-up	(6.755.308)	(9.584.293)
Other non-taxable income	-	(38.295)
	(6.755.308)	(9.622.588)
Result for tax purposes	(1.566.543)	(4.197.556)
Cost of income tax calculated at the rate of 26.5%	-	-
Autonomous taxation	50.000	60.000
Income tax - current	50.000	60.000
Income tax - deferred	-	-
Income tax of the year	50.000	60.000

Deferred tax assets generated by the Company in its activity are not required to be included in the accounts from the point of view of prudence.

Within the terms of the legislation in force, tax losses calculated up to 2009 are reportable during a period of 6 years after their occurrence and may be deducted from tax profits generated during this period. As from 2010 the reporting of tax losses can only take place during four years,

On 31 December 2011 the reportable tax losses amounted to 14,833,159 Euros, which was generated as follows:

	Amount
Generated in:	
- 2007	3.433.622
- 2008	3.725.766
- 2009	1.909.671
- 2010	4.197.557
- 2011	1.566.543
	14.833.159

10. DEFERRED ASSETS AND DEFERRED LIABILITIES

On 31 December 2011 and on 31 December 2010 the caption "Deferrals" is broken down as follows:

Deferred assets	2011	2010
Insurance	5.572	-
Other	1.795	1.795
	7.367	1.795

Deferred liabilities	2011	2010
Sopete Bonds	-	772.267
Varzim Geste Loans	-	2.163.515
Other		286.042
	-	3.221.824

11. CAPITAL

On 31 December of 2011 and 2010, the share capital of the Company was represented by 11,993,684 shares, of which 6,116,779 is in registered shares and 5,876,905 in bearer shares, with a nominal unit value of 5 Euros, which grant the right to a dividend.

The share capital issued by the Company on 31 December 2011 and on 31 December 2010 is broken down as follows:

	2011	2010
Paid-up capital	59.968.420	59.968.420
Treasury shares	(708.306)	(708.306)
Issue premiums	7.820.769	7.820.769
	67.080.883	67.080.883

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

	2011	2010
Paid-up capital	59.968.420	59.968.420
Treasury shares	(708.306)	(708.306)
Issue premiums	7.820.769	7.820.769
	67.080.883	67.080.883

Date	Nominal value	No. of shares
31 December 2011		
Registered	5	6.116.779
Bearer	5	5.876.905
		11.993.684
31 December 2010		
Registered	5	6.116.779
Bearer	5	5.876.905
		11.993.684

The treasury shares were acquired by the Company as follows:

Year of Acquisition	No. of shares	Nominal value	Total nominal	Total premiums	Total
2001	34.900	5	174.500	280.945	455.445
2002	43	5	215	184	399
2007	22	5	110	88	198
2008	27.600	5	138.000	114.264	252.264
Total	62.565		312.825	395.481	708.306

Legal persons with a stake of over 20% in the share capital on 31 December of 2011 and 2010:

- Finansol, Sociedade de Controlo, S.G.P.S, S.A., with 60.2%
- Amorim – Entertainment e Gaming International, S.G.P.S., S.A., with 35.87%.

12. RESERVES

During the years ended on 31 December of 2011 and on 31 December of 2010, the movement in reserves was as follows:

	Legal reserve	Other reserves	Total reserves
Amount on 1-1-2010	6.118.345	29.311.285	35.429.630
Application of the net profit of the year ended on 31 December of 2009	293.046	-	293.046
Amount on 31-12-2010	6.411.391	29.311.285	35.722.676
Application of the net profit of the year ended on 31 December of 2010	203.391	-	203.391
Amount on 31-12-2011	6.614.782	29.311.285	35.926.067

Legal reserve: Pursuant to commercial legislation in force, at least 5% of the annual net profit if positive, has to be used to reinforce the Legal Reserve until it accounts for at least 20% of the share capital. This reserve may not be distributed except in the event of the liquidation of the company, but may be used for absorbing losses after other reserves run out or are included in the capital.

Other reserves: The other reserves are available for use.

13. APPLICATION OF RESULTS AND DIVIDENDS

The application of the results of the years ended on 31 December of 2011 and 2010 was as follows:

	2011	2010
Legal reserve	203.391	293.046
Retained earnings	881.647	2.585.065
Dividends	2.982.779	2.982.779
	4.067.817	5.860.890

The dividends referring to the year ended on 31 December 2010 attributed to the shareholders, in accordance with the decision of the General Meeting of Shareholders on 23 May 2011, amounted to 2,982,779 Euros, payment of which was made on 06 June 2011.

14. PROVISIONS

The movement in provisions in the years ended on 31 December 2011 and on 31 December 2010 was as follows:

	2011			
	Opening balance	Increases	Reversals	Closing balance
Provisions for pensions	4.555.000	-	(753.000)	3.802.000
Provisions for other risks and charges	167.647	279.425	-	447.072
Losses in subsidiaries	51.486	6.513	-	57.999
	4.774.133	285.938	(753.000)	4.307.071

	2010			
	Opening balance	Increases	Reversals	Closing balance
Provisions for pensions	4.619.561	147.029	(211.590)	4.555.000
Provisions for other risks and charges	167.647	-	-	167.647
Losses in subsidiaries	45.672	5.814	-	51.486
	4.832.880	152.843	(211.590)	4.774.133

The provision for other risks and charges is intended to cover estimated liabilities based on information from juridical and legal consultants, arising from lawsuits filed against the Company. The total value of the lawsuits in hand on 31 December 2011 amounted to 503,572 Euros.

The Company set up the following provisions during 2011:

- A provision of 279,425 Euros to cover any contingencies arising from um a civil lawsuit which is being heard in the 4th Civil Court of Lisbon,

- A provision of 6,513 Euros to cover debts taken out by subsidiaries.

Provisions for pensions / Post-employment benefits

By the Articles of Association approved in the General Meeting of 29 May 1998, Estoril Sol, SGPS, SA again confirmed, in article 36, the right to a retirement pension paid by the company to the former directors who had already retired, based on the previous article 25 of the Articles of Association that were then altered, and the same rights and benefits as those of directors, in office at that time, who had or would have then completed ten years of service – after entering retirement - rights and benefits to be regulated in a contract to be agreed between the Company and these directors.

In order to estimate its liabilities for these payments, the Group follows the procedure of obtaining actuarial calculations of the liabilities each year, calculated using the technical standards of the Insurance Institute of Portugal.

The most recent actuarial study of the assets of the plan and of the present value of the obligation concerning defined benefits was made in December of 2011 by an entity which is specialised and accredited for the purpose. The present value of the obligation concerning defined benefits and the cost of current services and of related past services were measured using the projected unit credit method.

The main assumptions followed in the actuarial evaluation mentioned above were the following

	2011	2010
Discount rate	4,75%	4,75%
Growth rate of pensions	0,00% p.a	0,00% p.a
Mortality table		
- Before retirement	n.a	n.a
- After retirement	GKF95	GKF95
Invalidity table	n.a	n.a
Table of departures	n.a	n.a
Retirement age	Age on 1 January 2012	

The actuarial study led to a reduction of the liabilities assumed by the Company amounting to 753,000 Euros, due to the decease of two of the beneficiaries.

15. FINANCING OBTAINED

The financing obtained on 31 December of 2011 and on 31 December of 2010 is broken down as follows:

	2011				
Nature of the financing	Opening Balance	Issues	Repayments	Transfer	Closing Balance
Non-Current financing:					
- Bank loans	10.000.000	-	-	(5.000.000)	5.000.000
- Finance Leasing (Note 16)	62.495	-	-	(16.315)	46.180
	10.062.495	-	-	(5.016.315)	5.046.180
Current financing:					
- Bank loans	-			5.000.000	5.000.000
- Current accounts	18.150.000	-	12.150.000		6.000.000
- Bank overdrafs (Note 4)	-	821.016	-	-	821.016
- Finance Leasing (Note 16)	17.653	-	17.652	16.315	16.316
	18.167.653	821.016	12.167.652	5.016.315	11.837.332
	28.230.148	821.016	12.167.652	-	16.883.512

Nature of the financing	2010 Opening Balance	Issues	Repayments	Transfer	Closing Balance
Non-Current financing:					
- Bank loans	-	10.000.000	-	-	10.000.000
- Finance Leasing	38.921	23.575	-	-	62.496
	38.921	10.023.575	-	-	10.062.496
Current financing:					
- Bank loans	30.000.000	-	30.000.000	-	-
- Current accounts	13.850.000	5.000.000	700.000		18.150.000
- Bank overdrafs	3.230	14.423	-	-	17.653
- Finance Leasing					
	43.853.230	5.014.423	30.700.000	-	18.167.653
	43.892.151	15.037.998	30.700.000	-	28.230.149

The average interest rate of the loans borne by the Company including commissions and other charges in 2011 was 5.25%.

The part classified as non-current financing on 31 December 2011 for the total amount of 5,000,000 Euros, falls due in 2013.

16. LEASING

The Company is the lessee in financial and operational leasing contracts related with motor vehicles, which are denominated in Euros.

These contracts produce the following future liabilities for the Company:

	(Note 15) Finance Leasing	Operational Leasing	Total
Up to 1 year	16.316	28.793	45.109
Between 1 year and 5 years	46.180	6.723	52.903
	62.496	35.516	98.012

17. OTHER ACCOUNTS PAYABLE

On 31 December 2011 and on 31 December 2010 the caption “Other accounts payable” is broken down as follows:

	2011	2010
Charges with holidays to be paid	92.819	-
Financial charges to be paid	129.640	-
Other	237.370	27.869
	459.829	27.869

18. SUPPLIERS

On 31 December 2011 and on 31 December 2010 the caption of "Suppliers" is broken down as follows:

	2011	2010
Suppliers, current account	50.337	136.988
	50.337	136.988

19. STATE AND PUBLIC SECTOR

On 31 December 2011 and on 31 December 2010 the caption of "State and Public Sector" is broken down as follows:

	2011	2010
Current assets:		
Withholding tax (IRC)	21.325	-
Special Payment on Account	7.000	-
	28.325	-
Current liabilities:		
Corporate Income Tax	50.000	44.788
Social Security contributions	11.779	20.828
Other taxation	17.080	7.374
	78.859	72.990

20. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

On 31 December 2011 and 31 December 2010 the Company had presented the following guarantees:

	2011	2010
For tax demands in hand / litigation	39.970	39.970
To current suppliers	1.225	1.225
	41.195	41.195

21. RELATED PARTIES

On 31 December 2011 and 31 December 2010 the Company had the following balances with related parties:

Related party	2011 Current accounts receivable	2011 Current accounts payable	2010 Current accounts receivable	2010 Current accounts payable
Holding company				
- Finansol - Sociedade de Controlo, SGPS, S.A.	1.858	-	-	-
Subsidiaries				
- Estoril Sol (III) - Turismo, Animação e Jogo, S.A.	-	14.944.275	-	3.981.400
- DTH - Desenvolvimento Turistico e Hoteleiro, S.A.	1.205.968	-	-	-
- Estoril Sol Imobiliária, S.A.	-	3.356.252	-	2.785.945
- Estoril Sol - Investimentos Hoteleiros, S.A.	-	9.087.587	-	8.165.485
- Estoril Sol V - Investimentos Imobiliários, S.A.	16.934	-	-	-
- Estoril Sol e Mar - Investimentos Imobiliários, S.A.	675.596	-	-	573.213
- Chão do Parque, Investimentos imobiliários, S.A.	40.824	-	-	-
Impairment:				
- Estoril Sol V - Investimentos Imobiliários, S.A.	(15.149)	-	-	-
- Chão do Parque, Investimentos imobiliários, S.A.	(39.039)	-	-	-
	1.886.992	27.388.114	-	15.506.043

In the years ended on 31 December 2011 and 2010 there were no transactions between related parties

22. EXTERNAL SUPPLIES AND SERVICES

The caption “External supplies and services” in the years ended on 31 December 2011 and on 31 December 2010 is broken down as follows:

	2011	2010
Specialised work	324.325	270.162
Representation expenses	60.269	62.744
Fees	12.077	14.857
Conservation and repairs	5.755	8.432
Energy and other fluids	41.853	45.811
Rents	89.045	136.938
Communication	14.122	7.265
Travel and hotels	1.655	7.928
Insurance	-	5.101
Other	584	6.672
	549.685	565.910

23. STAFF COSTS

The caption "Staff Costs" in the years ended on 31 December 2011 and on 31 December 2010 is broken down as follows:

	2011	2010
Remuneration of the Corporate Offices (Note 24)	325.358	342.345
Remunerations of Staff	324.715	456.425
Indemnities	304.271	530.458
Charges on remuneration	138.150	156.360
Estimate for pensions	150.620	147.029
Insurance	4.977	3.380
Cost of social action	11.143	22.201
Other	4.235	5.963
	1.263.469	1.664.161

In the years ended on 31 December 2011 and 2010, the average number of employees was 20 and 25 employees, respectively.

24. REMUNERATION OF THE CORPORATE OFFICES

The remuneration of the Corporate Offices of the Company in the years ended on 31 December 2011 and 31 December 2010 is broken down as follows (Note 23):

Remuneration	2011	2010
Board of Directors	216.858	233.845
Audit Board	56.000	56.000
Advisory Board	52.500	52.500
	325.358	342.345

25. OTHER INCOME AND GAINS

The caption "Other income and gains" in the years ended on 31 December 2011 and on 31 December 2010 is broken down as follows:

	2011	2010
Other income and gains:		
- Other supplementary income	104.814	-
- Excess of Tax Estimate	33.841	-
- Other	1.172	-
	139.827	-

26. OTHER EXPENSES AND LOSSES

The caption "Other expenses and losses" in the years ended on 31 December 2011 and on 31 December 2010 is broken down as follows:

	2011	2010
Other taxation and rates	71.752	-
Membership fees	2.000	-
Other	139.628	-
	213.380	-

27. DEPRECIATION

The caption "Expenses / reversals of depreciation and of amortization" in the years ended on 31 December 2011 and on 31 December and 2010 is broken down as follows:

	2011	2010
Tangible fixed assets (Note 6)	17.048	9.363
	17.048	9.363

28. INTEREST AND SIMILAR INCOME OBTAINED

The interest and other similar income recognised in the years ended on 31 December 2011 and 31 December 2010 is broken down as follows:

	2011	2010
Other	557	210
	557	210

29. INTEREST AND SIMILAR COSTS BORNE

The costs and losses of financing recognised in the years ended on 31 December 2011 and 31 December 2010 is broken down as follows:

	2011	2010
Interest borne:		
Bank financing	1.219.134	1.328.380
Finance and operational leasing	20.822	32.141
	1.239.956	1.360.521
Other financing costs:		
Commissions and similar charges	3.775	7.296
Other financial costs	25.453	20.593
	1.269.184	1.388.410

30. MANAGEMENT OF FINANCIAL RISKS

In the normal course of its activity the Company is exposed to a variety of financial risks that can change its asset value. Financial risk is understood to be the probability of obtaining results other than those expected, whether these be positive or negative, materially and unexpectedly changing the asset value of the Company.

In order to minimise the potential impact of these risks, the Company adopts a strict and consistent financial policy based on two vitally important instruments:

- approval of the annual budget and the respective revision and analysis of deviations on a monthly basis, and;
- the elaboration of financial and cash-flow planning, which is also reviewed on a monthly basis.

The financial risks which can possibly impact on the activities undertaken by the Company are those presented below:

<u>Liquidity risk:</u>

The management of the liquidity risk is based on maintaining an adequate level of available cash and on the contracting of credit limits that help not only to ensure the normal development of the Company's activities but also to cater for any operations of an extraordinary nature.

According to the monetary resources freed up by the subsidiary companies over which the Company has control, we feel the financial risk to which the Company is exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that asset guarantees are dispensed with for operations under contract.

<u>Interest rate risk</u>

The Company's exposure to the interest rate risk stems from the existence, in its balance sheet, of financial assets and liabilities, taken out at variable rates. A change in the market rates has a direct impact on the value of the interest received and/or paid, causing consequent variations in cash.

A significant part of the financing obtained by the Company is classified as current, and so the interest rate is frequently revised, which means a greater exposure to fluctuations in market interest rates, whether in the Company's favour or not.

If the market interest rates had been 1% higher during the years ended on 31 December 2011 and 2010, the financial costs of those years would have increased by approximately 224,000 Euros and 360,000 Euros, respectively.

31. RESULT PER SHARE

The result per basic share of the years ended on 31 December 2011 and on 31 December 2010 was determined as follows:

	2011	2010
Net profit of the year	(6.656.383)	4.067.817
Average weighted number of shares in circulation	11.931.119	11.931.119
Result per basic share	(0,56)	0,34

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.

32. OTHER DISCLOSURES RREQUIRED BY LEGAL DIPLOMAS

The Official Auditor's fees in 2011 and 2010 were 22,500 Euros in both periods and relate exclusively to the work of the legal review and audit of accounts.

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CONSOLIDATED FINANCIAL STATEMENTS

AND

NOTES TO THE ACCOUNTS

CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION ON 31 DECEMBER 2011 AND 2010

(Amounts in Euros)

ASSET	Notes	2011	2010
NON-CURRENT ASSETS:			
Tangible fixed assets			
Reversible to the State	13	63.349.772	68.005.611
Non-reversible to the State	13	68.593.260	73.012.144
Tax deductions on investments	14	(18.913.537)	(19.790.126)
		113.029.495	121.227.629
Intangible assets	15	112.668.510	124.024.882
Goodwill	16	2.935.782	10.552.860
Investment properties	17	226.551	232.721
Other non-current assets	19	2.207.384	248.730
Total non-current assets		231.067.722	256.286.822
CURRENT ASSETS:			
Inventories	20	4.989.262	3.565.867
Customers	21	446.016	594.480
Other accounts receivable	22	2.406.219	2.420.415
Cash and cash equivalents	23	12.797.169	10.886.888
Total current assets		20.638.667	17.467.650
Non-current assets held for sale	18	4.647.510	4.647.510
Total assets		256.353.898	278.401.982
EQUITY AND LIABILITIES			
EQUITY:			
Capital		59.968.420	59.968.420
Treasury shares		(708.306)	(708.306)
Issue premiums		7.820.769	7.820.769
Reserves		80.410.107	80.206.716
Retained earnings		(62.067.030)	(63.183.744)
Other variations in equity		281.903	281.904
Consolidated net profit of the year		(8.308.827)	4.302.886
Equity attributable to the shareholders of the holding company		77.397.037	88.688.645
Minority interests		-	-
Total equity		77.397.037	88.688.645
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Financing obtained	25	12.589.265	38.087.639
Provisions	27	6.560.768	7.494.641
Total non-current liabilities		19.150.033	45.582.280
CURRENT LIABILITIES:			
Financing obtained	25	113.813.381	95.749.285
Other accounts payable	28	45.993.448	48.381.772
Total current liabilities		159.806.829	144.131.057
Total liabilities		178.956.862	189.713.337
TOTAL EQUITY AND LIABILITIES		256.353.898	278.401.982

The notes form part of the consolidated statement of the financial position on 31 December 2011

CONSOLIDATED INCOME STATEMENTS

OF THE YEARS ENDED ON 31 DECEMBER 2011 AND 2010

(Amounts in Euros)

	Notes	2011	2010
ONGOING OPERATIONS:			
INCOME:			
Sales and services rendered	6	212.863.219	228.208.046
Other operating income	6	8.983.944	10.633.560
Total operating income		221.847.163	238.841.606
OPERATING COSTS:			
Cost of goods sold and materials consumed	7	(2.581.905)	(2.941.922)
External supplies and services	8	(32.209.231)	(31.185.467)
Staff costs	9	(44.665.235)	(46.176.104)
Amortization and depreciation	13, 15 e 17	(28.519.114)	(31.588.376)
Impairments - accounts receivable		(135.645)	(476.119)
Provisions ((increases) / reversals)	27	933.873	(1.224.176)
Impairment of non- depreciable / amortizable investments	16	(7.617.078)	-
Other taxation	10	(103.474.285)	(110.771.621)
Other operating costs	10	(5.037.925)	(3.938.645)
Total operating costs		(223.306.544)	(228.302.430)
Operating results		(1.459.382)	10.539.176
FINANCIAL RESULTS:			
Financial costs	11	(7.684.573)	(6.301.928)
Financial income	11	30.687	84.451
		(7.653.886)	(6.217.477)
Profit before income tax and discontinued operations		(9.113.267)	4.321.699
Income tax of the year	12	(50.000)	(60.000)
Consolidated net profit of ongoing operations		(9.163.267)	4.261.699
DISCONTINUED OPERATIONS:			
Result of discontnued operations	5	854.440	41.187
Consolidated net profit of the year		(8.308.827)	4.302.886
Attributable to:			
Shareholdersof the holding company		(8.308.827)	4.302.886
Result per share of the ongoing and discontinued operations			
basic		(0,70)	0,36
Diluted		(0,70)	0,36

The notes form part of the consolidated income statement
of the year ended on 31 December of 2011

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

OF THE YEARS ENDED ON 31 DECEMBER 2011 AND 2010

(Amounts in Euros)

	Paid-up Capital	Treasury Sheres	Issue Premiums	Reserves	Retained Earnings	Other variations in Equity	Net Result of the year	Total Equity
Balance at 01 January 2010	59.968.420	(708.306)	7.820.769	71.831.597	(61.023.267)	281.904	9.197.422	87.368.539
Application of the net profit of the year ended 31 December 2009 (Note 24)	-	-	-	8.375.119	(2.160.477)	-	(9.197.422)	(2.982.780)
Consolidated net profit of the year ended 31 December 2010	-	-	-	-	-	-	4.302.886	4.302.886
Changes in accounting policies	-	-	-	-	-	-	-	-
Balance at 01 January 2011	59.968.420	(708.306)	7.820.769	80.206.716	(63.183.744)	281.904	4.302.886	88.688.645
Application of the net profit of the year ended 31 December 2010 (Note 24)	-	-	-	203.391,00	1.116.714	-	(4.302.886)	(2.982.781)
Consolidated net profit of the year ended 31 December 2011	-	-	-	-	-	-	(8.308.827)	(8.308.827)
Balance at 31 December 2011	59.968.420	(708.306)	7.820.769	80.410.107	(62.067.030)	281.904	(8.308.827)	77.397.037

The notes form part of the statement of the changes in equity of the year ended 31 December 2011.

CONSOLIDATED CASH FLOW STATEMENTS

OF THE YEARS ENDED ON 31 DECEMBER 2011 AND 2010

(Amounts in Euros)

	Notes	2011	2010
OPERATING ACTIVITIES:			
Receipts from customers		212.616.790	226.472.117
Payments to suppliers		(34.110.474)	(38.205.378)
Payments to staff		(42.046.676)	(31.722.144)
Cash flow generated by operations		136.459.640	156.544.595
Payment of income tax		(26.159)	-
Payment of Special Gaming Tax		(102.456.443)	(100.726.860)
Other payments relating to the operating activity		(8.766.764)	(17.025.729)
Cash flow from operating activities (1)		25.210.274	38.792.006
INVESTMENT ACTIVITIES:			
Receipts from:			
Non-current assets for sale	18	600.000	600.000
Interest and similar income		30.129	85.246
		630.129	685.246
Payments in respect of:			
tangible fixed assets		(6.205.677)	(5.540.861)
		(6.205.677)	(5.540.861)
Cash flow from investment activities (2)		(5.575.548)	(4.855.615)
FINANCING ACTIVITIES:			
Receipts from:			
Financing obtained from credit institutions		461.359.153	513.954.616
		461.359.153	513.954.616
Payments in respect of:			
Financing obtained from credit institutions		(468.949.015)	(538.843.739)
Interest and similar costs		(8.055.188)	(5.880.479)
Dividends	24	(2.982.780)	(2.977.858)
Amortization of finance leasing contracts		(185.312)	-
		(480.172.295)	(547.702.076)
Cash flow from financing activities (3)		(18.813.142)	(33.747.460)
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		821.584	188.931
Cash and cash equivalents at the start of the year	23	10.886.888	10.697.957
Cash and cash equivalents at the end of the year	23	11.708.472	10.886.888

The notes form part of the cash flow statement

of the year ended on 31 December 2011

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1. INTRODUCTION

The Estoril Sol Group, through its subsidiary and associated companies, 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.

The individual accounts of each company of the group reported at 31 December 2011 were prepared within the framework of the provisions in force in Portugal, effective for years starting on 1 January 2010, in conformity with Decree-Law no. 158/2009, of 13 July, and in accordance with the conceptual structure, Accounting Standards and Financial Reporting ("NCRF") and Interpretative Standards (IS) issued, respectively, in notifications 15652/2009, 15655/2009 and 15653/2009, of 27 August 2009, which, as a whole, form the Accounting Standards System ("SNC"), although the consolidated accounts relating to the same period were prepared in accordance with the "International Accounting Standards (IAS)" / "International Financial Reporting Standards" (IFRS).

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/IFRS as adopted in the European Union, which include the International Accounting Standards ("IAS") issued by the International Standards Committee ("IASC"), the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and respective interpretations "IFRIC" issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"). Hereinafter, this set of standards and interpretations will be generally termed "IFRS".

The Group adopted the IFRS in the elaboration of its consolidated financial statements for the first time in 2005, and so, pursuant to the provisions in IFRS 1 – First Time Adoption of the International Financial Reporting Standards ("IFRS 1"), it is deemed that the transition of the Portuguese accounting principles to the international standards relates to 1 January 2004.

Consequently, in compliance with the provisions of IAS 1, the Group declares that these consolidated financial statements and respective notes comply with the provisions of the IAS/IFRS as adopted by the European Union, in force for economic years starting on 1 January 2011.

2.2. Adoption of new or revised IAS/IFRS

The accounting policies adopted in the year ended on 31 December 2011 are consistent with those followed in the preparation of the Group's consolidated financial statements of the year ended on 31 December 2010 and referred to in the respective Notes.

Furthermore, during the year ended on 31 December 2011, the following standards, interpretations, alterations and revisions were adopted, as approved by the European Union, the application of which is mandatory in the economic years starting on or after 1 January 2011, which had no significant impact on the amounts reported in these financial statements:

Changes to IAS 24 – Disclosures of related parties;
Changes to IFRS 8 – Operating segments;
Changes to IFRIC 14 – Pre-payment of a minimum financing requirement;
IFRIC 19 – Extinction of financial liabilities through equity instruments;
Changes to IFRS 1 – First time adoption of the international financial reporting standards;
Changes to IFRS 7 – Financial instruments: Disclosures;
Improvements in IFRS 1, IFRS 3; IFRS 7; IAS 1, IAS 32, IAS 34, IAS 39 and IFRIC 13;
Changes to IAS 32 – Financial instruments.

On the date of the approval of these financial statements by the Board of Directors are issued and approved by the European Union, but the application of which is mandatory only in following years, changes to IFRS 7 – Financial instruments: disclosures (revision) (years starting on or after 1 of July 2011). This standard, while approved by the European Union, was not adopted by the Group in the year ended on 31 December 2011, as its application was not yet mandatory. However, no significant impact on the consolidated financial statements is expected due to its adoption.

2.3. Principles of consolidation

The consolidation methods adopted by the Group are the following:

a) Controlled companies

Shareholdings in controlled companies, or rather, in which the Group holds, directly or indirectly more than 50% of the voting rights in a General Meeting of Shareholders or has the power to control their financial and operational policies (definition of control used by the Group), were included in these consolidated financial statements by the purchase method of consolidation. The equity and net result of these companies corresponding to the participation of third parties therein, is presented separately in the consolidated statement of the financial position and in the consolidated income statement, respectively, in the "Minority interests" caption, which on the date of these financial statements had no value.

Companies included in the consolidation are indicated in Note 4.

When losses attributable to shareholders without control exceed the respective interest in the equity of the controlled company, the Group absorbs this excess and any additional losses, except when those shareholders have an obligation or have manifested an intention to do so and are able to cover these losses. If the controlled company subsequently reports profits, the Group appropriates all the profits until the part of the losses absorbed by the Group relating to those shareholders has been recovered.

The assets, liabilities and contingent liabilities of controlled companies are measured by their respective fair value on the acquisition date. Any excess of the acquisition cost over the fair value of the net assets acquired is recognised as goodwill (Note 2.4). If the difference between the acquisition cost and the fair value of the net assets acquired is negative, this is recognised as a result of the period. The interests of shareholders without control are presented by the respective proportion of the fair value of the assets and liabilities identified.

Whenever necessary, adjustments are made to the financial statements of sub-companies to adapt their accounting policies to those used by the Group. The transactions, balances and dividends distributed between Group companies are eliminated in the consolidation process.

2.4. Goodwill

Goodwill represents an excess of the purchase price over the fair value of identifiable assets and liabilities for a controlled company, on the respective acquisition date, in conformity with IFRS 3 – Concentrations of business activities. Arising from the exception allowed for in IFRS 1, the Group only applied the provisions of IFRS 3 to acquisitions made after 1 January 2004. The amount of goodwill corresponding to acquisitions prior to this date were maintained at their net values presented on that date, instead of being recalculated in accordance with IFRS 3, being subject to annual impairment tests since that date.

In accordance with IFRS 3, goodwill is not subject to amortization, being presented autonomously in the statement of the financial position. Annually, or whenever there are indications of a possible loss of value, goodwill is subject to impairment tests. The impairment losses identified are stated in the income statement of the year in the “Impairment of non-depreciable / amortizable investments” caption. These impairment losses cannot be reversed.

For the purposes of the analysis of impairment, goodwill is allocated to cash generating units, in which benefits can be expected from the synergies created with the acquisition of the investments. The analysis of impairment is carried out annually, or whenever it is felt necessary, for each cash generating unit. If the recoverable value of the cash generating unit is lower than its book value, the difference is attributed first to goodwill and then to the book value of the assets of the unit, in proportion to their respective value.

2.5. Associate companies

An associate company is an entity in which the Group exercises significant influence, but does not have control or joint control, through participation in the decisions relating to its financial and operational policies.

Financial investments in associate companies (Note 4) are recorded using the equity pick-up method, except when they are classified as held for sale, with the participations being initially stated at acquisition cost, to which the difference between this cost and the value proportional to the participation in the equity of these companies, reported on the acquisition date or on the first application of this method, is added or subtracted.

In accordance with the equity pick-up method, shareholdings are adjusted periodically by the value corresponding to the participation in the net results of the associate companies, by other variations in their equity, as well as by the recognition of impairment losses, against financial gains or losses.

Furthermore, dividends received from these companies are stated as a reduction in the value of the financial investments.

The Group suspends the application of the equity pick-up method when the investment in the associate company is reduced to zero and a liability is only recognised if there are legal or constructive obligations before associate companies or their creditors. If the associate company subsequently produces profits, the equity pick-up method is resumed after its part in the profits is equal to the part of the unrecognised losses.

Each year an assessment is made of the investments in associate companies and, when there are indications that the asset could be impaired, the impairment losses that are demonstrated to exist are stated as a cost. When impairment losses recognised in previous periods cease to exist they are reversed up to the limit of the impairment recorded.

Whenever necessary, adjustments are made to the financial statements of associate companies to adapt their accounting policies to those used by the Group.

2.6. Tangible fixed assets

Tangible fixed assets are initially recorded at acquisition cost, which includes the cost of purchase, any costs directly attributable to the activities necessary to place the assets in the location and condition necessary for them to operate as intended. Arising from the exception allowed for in IFRS 1, revaluations made to tangible assets, in years prior to 01 January 2004, were maintained, with this reassessed value being designated at cost value for the purposes of the IFRS.

Other tangible fixed assets are stated at acquisition cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated, after the time when the asset is ready to be used, in accordance with the straight line method with duodecimal imputation, in conformity with the estimated useful life for each group of assets.

The useful lives and method of depreciation of the various assets are revised annually. The effect of any change in these estimates is recognised prospectively in the income statement.

Tangible fixed assets allocated to the gaming concessions are revertible to the State at the end of the respective concessions ("reversible tangible fixed assets"), being depreciated in accordance with the straight line method according to their useful lives, always paying attention to the number of years remaining until the end of the respective concessions, as follows:

Concession	End of the concession
Estoril and Lisbon Casino	2020
Póvoa Casino	2023

Other tangible fixed assets ("Tangible fixed assets non-revertible to the State") are depreciated using the straight line method with duodecimal imputation during the following estimated useful lives:

Homogenous class	Years
Buildings and other constructions	20 - 50
Basic equipment	3 - 5
Vehicles	3 - 4
Office equipment	3 - 10
Other tangible fixed assets	3 - 10

Current maintenance and repair costs are recorded as a cost when incurred. Improvements are recorded as assets only in those cases concerning increased future economic benefits and which correspond to the replacement of goods, which are written down.

The gain (or loss) resulting from the sale or write-off of a tangible fixed asset is determined as the difference between the amount received in the transaction and the net book value of the asset and is recognised in results in the year in which the write-off or sale takes place.

2.7. Finance and operational leasing

Leasing contracts are classified as finance leasing if, through these, all the risks and benefits inherent to ownership of the corresponding assets are substantially transferred to the lessee. Other leasing contracts are classified as operating leases. Leasing is classified according to the substance and not the form of the contract.

Leasing in which the Company acts as lessee

Assets acquired under finance lease contracts, as well as the corresponding responsibilities, are recorded at the start of the leasing for the lower value of either the fair value of the assets or the present value of the minimum leasing payments. The instalments include the financial cost and amortization of the capital, with financial costs being imputed in accordance with a constant periodic interest rate on the outstanding balance of the liability.

In the case of operating leases, the lease instalments due are recognised as costs on a straight-line basis over the period of the lease contract. The incentives received are stated as a liability, with the aggregate amount thereof being recognised as a reduction in the costs with the lease, also on a straight-line basis.

Contingent payments are recognised as expenses of the year in which they are incurred.

2.8. Intangible assets

Intangible assets essentially correspond to the premiums paid for the operating rights in the gaming areas of Estoril and Póvoa during the period that was negotiated with the Portuguese Government. The Estoril gaming area includes Estoril Casino and Lisbon Casino, with operations at the latter having begun on 19 April 2006. These premiums are stated at acquisition cost less amortization and any accumulated impairment losses. Intangible assets are acknowledged only when it is likely that the Group will derive future economic benefits from them, and that they are both controllable and reliably measured.

Amortization is calculated using the straight line method, from the moment that the assets are available for use, according to the estimated useful life, with the end of the respective concessions being considered as follows:

Concession	End date of the concession
Estoril and Lisbon Casinos	2020
Póvoa Casino	2023

2.9. Impairment of non-current assets, excluding goodwill

Whenever there is any indicator that the Company's tangible fixed assets, intangible assets and investment properties could be impaired, an estimate is made of its recoverable value in order to determine the extent of the impairment loss (according to the case). When the recoverable value of an individual asset cannot be determine, the recoverable value of the cash generating unit to which this asset belongs is estimated.

The recoverable value of the asset or of the cash generating unit is the higher between (i) the fair value less sale costs and (ii) the usage value. In the determination of the usage value, the estimated future cash flows are discounted using a discount rate that reflects the expectations of the market concerning the temporal value of the money and regarding the specific risks of the asset or of the cash generating unit in relation to which the estimates of future cash flows have not been adjusted.

Whenever the net book value of the asset or of the cash generating unit is higher than its recoverable value, an impairment loss is recognised. An impairment loss is immediately entered in the income statement, except if this loss compensates a surplus revaluation recorded in equity. In this latter case, this loss will be treated as a decrease in that revaluation.

The reversal of impairment losses recognised in previous years is recorded when there is evidence that the impairment losses recognised previously no longer exist are have reduced. The reversal of impairment losses is recognised in the income statement in the respective caption of "Reversals of impairment losses". Impairment losses are reversed up to the limit of the amount that would be recognised (net of amortization) if the loss had not been recorded.

2.10. Tax deductions by investment

Under the Gaming Concession Contracts, the Group has the right to annually deduct the following expenses from the gaming tax:

1. Losses from the operation of the Tamariz Bathing Complex, on the basis set forth by line c) of article 6 of Regulatory Decree 56/84;
2. Expenses pertaining to compliance with the obligations set forth under section 1 of article 5 of Decree Law no. 275/01, of 17 October;
3. Expenses with the purchase, renewal and replacement of gaming equipment, up to 50% of its value, pursuant to paragraph d) of article 6 of Regulatory Decree 56/84;
4. Expenses with projects for the execution of works for the modernizing and expanding of gaming equipment, for up to 50% of its value, pursuant to paragraph d) of article 6 of Regulatory Decree 56/84;
5. Expenses with the automation of the system used for issuing access cards leading to Game Rooms and for controlling revenues and internal television and surveillance circuits, the value of which amounts to 100% of such expenses, pursuant to paragraph e) of article 6 of Regulatory Decree 56/84.

Tax deductions representing the loses referred to under 1) and to the expenses mentioned under 2) are fully recorded in the Income Statement for the period to which they relate;

2.11. Investment properties

Investment properties essentially consist of buildings held to obtain rents or for appreciation of the capital (or both), and are not intended for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of the business.

Investment properties are initially measured at cost (which includes transaction costs). Subsequently, investment properties are measured in accordance with the cost model.

Costs incurred related with investment properties in use, namely, maintenance, repairs, insurance and taxation on properties are recognised as a cost in the period that they relate to. Improvements in investment properties in relation to which there are expectations that they will generate additional future economic benefits are capitalised in the "Investment properties" caption.

Investment properties are depreciated in accordance with the straight line method with duodecimal imputation during the following estimated useful lives:

Homogenous class	Years
Buildings and other constructions (apartment)	50
Basic equipment (contents)	8

2.12. Inventories

Inventories are recorded at cost or net realizable value, whichever is lower. The net realizable value represents the estimated sale price less all the costs estimated and necessary to conclude the inventories and to make the sale.

The costing method of inventories adopted by the Company is the average cost.

2.13. Accrual accounting

Expenses and income are recognised in the year they relate to, in accordance with the principle of accrual accounting, irrespective of when the transactions are invoiced. Expenses and income for which the real value is not known are estimated.

Expenses and income imputable to the current year where the expense and income on which will only take place in future periods, together with the expenses and income that have already occurred, but which relate to future periods and which will be imputed to the results of each of these periods, for the value corresponding to them, are stated in the deferrals captions.

Financial interest and income are recognised in accordance with the principle of accrual accounting and in accordance with the effective interest rate applicable.

2.14. Income tax

Income tax corresponds to the sum of current taxation and deferred taxation. Current tax and deferred tax are recorded in the Income Statement except when the deferred tax is related with items entered directly in equity. In these cases the deferred tax is also stated in equity.

Current tax on income is calculated based on the taxable profit of the year of the various entities included in the consolidation perimeter. The taxable profit differs from the accounting result as it excludes diverse expenses and income that will only be deductible or taxable in subsequent years, as well as expenses and income that will never be deductible or taxable in accordance with the tax rules in force.

Deferred tax relates to the temporary differences between the amounts of the assets and liabilities for accounts reporting purposes and the respective amounts for the purposes of taxation, as well as the results of tax benefits obtained and of temporary differences between the fiscal and accounting results.

Deferred tax liabilities are generally recognised for all temporary taxable differences.

Deferred tax assets are recognised for temporary deductible differences, although this recognition only occurs when there are reasonable expectations of future tax profits that are sufficient for these deferred tax assets to be used. These deferred tax assets are revised on each reporting date, these being adjusted according to expectations regarding their future use.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be in force on the date of the reversal of the corresponding temporary differences, based on the tax rates (and fiscal legislation) that are formally issued on the reporting date.

Compensation between assets and deferred tax liabilities is only permitted when: (i) the Company has a legal right to compensate between these assets and liabilities for the purposes of liquidation; (ii) these assets and liabilities are related with income taxation raised by the same tax authority (i) and (iii) the Company intends to perform this compensation for the purposes of liquidation.

The Company is covered by the Special System for Taxation of Groups of Companies (“SSTGC”), as established in article 69 of the Portuguese Corporate Income Tax Code (CIRC) and covers all the companies in which it has a direct or indirect holding of at least 90% of the respective capital and which are, at the same time, resident in Portugal and taxed under Corporation Tax (IRC). Under this regime the taxable profit of the Group relating to each tax period is calculated by the controlling company (Estoril Sol, SGPS, SA), through the algebraic sum of taxable profits and tax losses obtained in the individual periodic statements for each of the companies belonging to the group. The amount obtained is adjusted for part of the profits distributed among group companies that is included in the individual taxable bases.

The following companies are part of this system:

- Estoril Sol, SGPS, S.A;
- DTH – Desenvolvimento Turístico e Hoteleiro, S.A.;
- Estoril Sol Imobiliária, S.A.;
- Estoril Sol V – Investimentos Imobiliários, S.A.;
- Chão do Parque – Sociedade de Investimentos Imobiliários, S.A.;
- Estoril Sol e Mar – Investimentos Imobiliários, S.A.;
- Estoril Sol Investimentos Hoteleiros, S.A.

For other companies also included in the consolidation perimeter (Note 4), and whose main activity is the operation of games of fortune, namely: Estoril Sol (III) – Turismo, Animação e Jogo, S.A and Varzim Sol – Turismo, Jogo e Animação, S.A, there is no Corporate Tax (IRC). The activity of these two companies, in accordance with clause 7 of the Notice of the Ministry of the Economy, represented by the Inspectorate-General for Gaming, of 14 December 2001, published in the III Series of the *Diário da República* no. 27 of 01 February 2002, the concessionaire is obliged to pay a special tax for operating gaming activities, with no other general or local tax being payable relating to the exercise of this activity or any other which it is required to under this contract, with the respective collection and payment being performed pursuant to articles 84 and following of Decree Law no. 422/89.

2.15. Financial instruments

Customers and other accounts receivable

The debts of customers and of other third parties are entered at their nominal value less any impairment losses. Impairment losses correspond to the difference between the amount initially stated and the recoverable value, and are recognised in the statement of comprehensive income of the period in which they are estimated.

Cash and cash equivalents

The amounts included in the caption of cash and cash equivalents correspond to the amounts in cash, bank deposits and that which can be immediately moved with an insignificant risk of a change in value.

For the purposes of the cash flow statement, the caption of cash and cash equivalents also includes bank overdrafts included in the caption "Financing obtained".

Other accounts payable

Accounts payable are entered at their nominal value, discounted by any interest calculated and recognised in accordance with the effective interest rate method.

Financing obtained

Loans are recognised initially for the value received, net of issuing expenses. In subsequent periods, loans are carried at amortised cost; any difference between the amounts received (net of issuing costs) and the value payable is recognised in the statement of comprehensive income during the period of the loans using the effective interest rate method.

Loans which fall due in less than twelve months are classified as current liabilities, unless the Group has the unconditional right to defer the settlement of the liabilities for more than twelve months after the date of the statement of the financial position.

2.16. Provisions, post-employment benefits, contingent liabilities and contingent assets

Provisions

Provisions are only recognised when the Company has a present obligation (legal or implied) resulting from a past event, for the resolution of which it will likely become necessary to spend internal resources, the amount of which may be reasonably estimated.

The amount of provisions recognised consists of the present value of the best estimate on the reporting date of the resources necessary to settle the obligation. This estimate is determined taking the risks and uncertainties associated to the obligation into consideration.

Provisions are revised on the reporting date and are adjusted in order to reflect the best estimate on that date.

Post-employment benefits

I - Defined benefit plans

With regard to the defined benefit plans, the corresponding cost is determined using the projected unit credit method, with the respective liabilities being determined based on actuarial studies carried out on each reporting date by independent actuaries.

The cost of the past services is recognised in results on a linear basis during the period until the corresponding benefits are acquired. They are recognised immediately in as the benefits are fully acquired.

The liability associated to the guaranteed benefits recognised in the balance sheet represents the present value of the corresponding obligation, adjusted for actuarial gains and losses and for the cost of unrecognised past services.

Contingent liabilities

Contingent liabilities are not recognised in the financial statements, being disclosed whenever the possibility of there being an outflow of resources including economic benefits is not remote.

Contingent assets

Contingent assets are not recognised in the financial statements, being disclosed when the existence of a future economic influx of resources is probable.

2.17. Income

Income is measured by the fair value of the counter-payment received or receivable.

Income arising from the sale of assets is recognised when all the following conditions are met:

- All the risks and benefits associated to the ownership of the assets were transferred to the purchaser;
- The Company does not retain any control over the assets sold;
- The amount of the income can be reliably measured;
- It is probable that future economic benefits associated to the transaction will accrue for the Company;
- The costs incurred or to be incurred with the transaction can be reliably measured.

Income from the provision of services is recognised with reference to the stage of completion of the transaction/service on the reporting date, provided that all the following conditions are met:

- The amount of the income can be reliably measured;
- It is probable that future economic benefits associated to the transaction will accrue for the Company;
- The costs incurred or to be incurred with the transaction can be reliably measured.

2.18. Financial charges with financing obtained

Financial charges related with loans obtained are generally recognised as expenses as they are incurred.

2.19. Assets and liabilities held for sale

Assets and liabilities held for sale (or discontinued operations and related groups of assets and liabilities) are measured at the lesser of the book value or respective sale value, less sale costs and are classified as being held for sale if the respective value is realizable through a sale transaction instead of through their continued use.

This situation is only considered to happen when: (i) the sale is highly probable and the asset is available for immediate sale in its current conditions; (ii) management is committed to a sale plan; and (iii) the sale is expected to take place within a period of 12 months.

2.20. Classification of the statement of the financial position

Assets realizable and liabilities required for payment within one year from the date of the statement of the financial position are classified, respectively, in assets and liabilities as current.

2.21. Subsequent events

Events which occur after the close date of the year and which provide additional information regarding conditions that existed on the close date of the year are reflected in the consolidated financial statements.

Events which occur after the close date of the year and which provide additional information regarding conditions that occur after the close date of the year are disclosed in the Notes to the consolidated financial statements, if material.

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

In the preparation of the attached financial statements judgments of value and estimates were made and diverse assumptions used that affect the book value of the assets and liabilities, as well as the income and expenses of the year.

The underlying estimates and assumptions were determined based on the best knowledge of the events and transactions in hand existing on the date of approval of the financial statements, as well as on the experience of past and/or current events. Nevertheless, situations can occur in subsequent periods that, not being foreseeable on the date of approval of the financial statements, were not considered in these estimates. Changes to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason and given the degree of associated uncertainty, the real results of the transactions in question may differ from the corresponding estimates.

During the year ended on 31 December 2011, 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 December 2010, nor were any material errors recognised relating to previous periods. However, due to the changes that have occurred in the macroeconomic environment and in the increase in discount rates, there have been significant changes in estimates and in the assumptions used in the impairment tests of certain assets, namely those relating to goodwill (Note 16).

During the year ended on 31 December 2010, there were no changes in accounting policies, nor of the main estimates used, in relation to those used in the preparation and presentation of the financial statements of the year ended on 31 December 2009.

The main judgments of value and estimates made in the preparation of the attached financial statements were the following:

- Analysis of the impairment of goodwill;
- Impairment of accounts receivable;
- Useful lives of tangible fixed assets;
- Record of provisions;
- Technical actuarial assumptions and bases.

4. COMPANIES INCLUDED IN THE CONSOLIDATION AND ASSOCIATE COMPANIES

4.1 Companies included in the consolidation

The companies included in the consolidation, their registered offices, the method of consolidation adopted and the proportion of the capital effectively held on 31 December 2011 and 2010 are the following:

Name	Head office	Method of Consolidation	Effective percentage of the capital held 2011	Effective percentage of the capital held 2010
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 Turistico e Hoteleiro, S.A.	Estoril	Integral	100	100
Estoril Sol Imobiliária, S.A.	Estoril	Integral	100	100
Chão do Parque, Investimentos imobiliários, 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

4.2 Associate companies

Estoril-Sol, SGPS, S.A. indirectly holds 33.33% of the company Parques do Tamariz, S.A., through Estoril Sol Imobiliária, S.A.

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

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 Estoril Casino, Lisbon Casino, Póvoa Casino and Others (essentially including the effect of the holding companies and of the other operating activities of the Group).

On 31 December 2011 and 2010, the information by business segment, is as follows:

	2011						
	Estoril Casino	Lisbon Casino	Póvoa Casino	Other	Sub-Total	Discontinued Operations	Total
Net assets	84.523.032	95.297.747	63.287.924	5.414.384	248.523.087	7.830.811	256.353.898
Net liabilities	100.967.811	17.588.048	36.338.544	2.977.066	157.871.469	1.676.080	159.547.549
Result of the segment	(7.627.810)	13.482.474	(4.861.532)	(10.156.399)	(9.163.267)	854.440	(8.308.827)
Investment assets:							
- tangible fixed	408.445	189.566	9.086.862	-	9.684.873	-	9.684.873
- intangible	-	-	-	-	-	-	-
Average no. of staff	375	334	265	20	994	-	994

	2010						
	Estoril Casino	Lisbon Casino	Póvoa Casino	Other	Sub-Total	Discontinued Operations	Total
Net assets	110.541.660	85.887.781	61.802.230	12.155.700	270.387.371	8.014.611	278.401.982
Net liabilities	99.507.799	19.856.178	34.483.479	34.768.460	188.615.916	1.097.422	189.713.338
Result of the segment	(7.079.313)	16.499.608	(1.402.178)	(3.756.418)	4.261.699	41.187	4.302.886
Investment assets:							
- tangible fixed	4.328.080	810.313	1.832.912	88.366	7.059.671	-	7.059.671
- intangible	-	-	-	-	-	-	-
Average no. of staff	499	270	296	25	1.090	-	1.090

6. OPERATING INCOME BY NATURE

The consolidated operating income, in the years ended on 31 December 2011 and 2010, is split in the following manner:

Nature	2011 Estoril Casino	Lisbon Casino	Póvoa Casino	Other	Total
Sales and provision of services					
- Gaming	71.711.456	88.132.457	46.966.717	-	206.810.630
- Restaurants and entertainment	3.437.654	393.971	476.454	-	4.308.079
- Other sales and provision of services	1.019.033	721.690	3.787	-	1.744.510
	76.168.143	89.248.118	47.446.958	-	212.863.219
Other income and gains:					
- Tax deductions on investments	2.497.073	1.688.170	1.079.134	-	5.264.377
- Tax deductions - Entertainment	1.246.124	881.324	469.883	-	2.597.331
- Supplementary income	350.968	36.469	71.455	104.814	563.706
- Other	72.811	346.165	104.540	35.014	558.530
	4.166.976	2.952.128	1.725.012	139.828	8.983.944
	80.335.119	92.200.246	49.171.970	139.828	221.847.163

Nature	2010 Estoril Casino	Lisbon Casino	Póvoa Casino	Other	Total
Sales and provision of services					
- Gaming	77.290.633	91.942.206	52.309.260	-	221.542.099
- Restaurants and entertainment	3.881.108	379.313	666.908	-	4.927.329
- Other sales and provision of services	1.028.217	708.656	1.745	-	1.738.618
	82.199.958	93.030.175	52.977.913		228.208.046
Other income and gains:					
- Tax deductions on investments	2.794.417	2.570.402	1.925.960	-	7.290.779
- Tax deductions - Entertainment	1.292.454	912.536	-	-	2.204.990
- Supplementary income	413.679	-	40.565	43.633	497.877
- Other	540.905	-	99.009	-	639.914
	5.041.455	3.482.938	2.065.534	43.633	10.633.560
	87.241.413	96.513.113	55.043.447	43.633	238.841.606

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. COST OF GOODS SOLD

In the years ended on 31 December 2011 and 2010, this caption is broken down as follows:

	2011			
	Goods	Finished and intermediate products	Raw materials and consumables	Total
Opening balance	421	3.176.352	389.094	3.565.867
Purchases	1.628.189	-	2.539.460	4.167.649
Adjustments	(18.551)	-	(143.798)	(162.349)
Closing balance	1.461.149	3.176.352	351.761	4.989.262
Cost of goods sold and materials consumed	148.910	-	2.432.995	2.581.905

	2010			
	Goods	Finished and intermediate products	Raw materials and consumables	Total
Opening balance	93	3.176.352	510.407	3.686.852
Purchases	424	-	2.984.349	2.984.773
Adjustments	-	-	(163.836)	(163.836)
Closing balance	421	3.176.352	389.094	3.565.867
Cost of goods sold and materials consumed	96	-	2.941.826	2.941.922

8. EXTERNAL SUPPLIES AND SERVICES

In the years ended on 31 December 2011 and 2010, external supplies and services were as follows:

	2011	2010
Subcontracts	7.324.290	6.561.587
Gifts to customers	3.309.063	2.978.243
Royalties	2.474.933	2.535.145
Energy and other fluids	2.733.526	2.190.265
Conservation and repairs	2.427.753	2.604.403
Advertising	2.448.961	2.841.083
Surveillance and security	1.767.589	1.719.951
Rents	1.670.134	1.185.898
Specialized work	1.850.155	2.083.343
Fees	713.893	784.413
Communication	641.526	658.560
Insurance	3.714.148	3.974.703
Travel and hotels	319.157	425.559
Other	814.103	642.314
	32.209.231	31.185.467

9. STAFF COSTS

In the years ended on 31 December 2011 and 2010, staff costs were as follows:

	2011	2010
Remuneration of corporate offices	4.079.872	3.512.417
Remuneration of staff	25.045.733	27.159.121
Indemnities	7.418.512	7.576.822
Charges on remuneration	5.984.205	5.671.015
Insurance	208.438	119.073
Social charges	1.056.195	1.224.369
Premiums for pensions	150.620	147.029
Other	721.660	766.258
	44.665.235	46.176.104

During the years ended on 31 December 2011 and 2010, the average number of staff in the service of the Group was 994 and 1090 employees, respectively.

The fees of the Official Auditor exclusively referring to the legal revision and audit services of the accounts amounted to 75,500 Euros and 74,300 Euros, during 2011 and 2010, respectively.

10. OTHER TAXATION AND OTHER OPERATING EXPENSES

In the years ended on 31 December 2011 and 2010, the captions of other taxation and other operating expenses were as follows:

	2011	2010
Special Gaming Tax	103.242.897	110.614.993
Other taxation and rates	231.388	156.628
Sub-total I (other taxation)	103.474.285	110.771.621
Diverse expenses	2.740.721	1.749.264
Offer of own goods and services	1.386.021	1.583.804
Write-off of tangible fixed assets	158.568	6.606
Quotas	118.333	94.419
Losses in inventories	2.423	64.325
Donations	65.882	42.975
Other	565.977	397.252
Sub-total II (Other operating costs)	5.037.925	3.938.645
	108.512.210	114.710.266

The Special Gaming Tax is applied to the net income from the gaming activity carried out by Estoril Sol (III) – Turismo, Animação e Jogo, S.A which currently runs the Estoril Casino and Lisbon Casino, and by Varzim Sol – Turismo, Jogo e Animação, S.A. which runs the Póvoa de Varzim Casino.

In accordance with clause 7 of the Notice of the Ministry of the Economy, represented by the Inspectorate-General for Gaming, of 14 December 2001, published in the III Series of the *Diário da República* no. 27 of 01 February 2002, the concessionaire is obliged to pay a special tax for operating gaming activities, with no other general or local tax being payable relating to the exercise of this activity or any other which it is required to under this contract, with the respective collection and payment being performed pursuant to articles 84 and following of Decree Law no. 422/89

In this regard, the activities undertaken by these companies are not subject to Corporate Tax (IRC).

11. NET FINANCIAL COSTS

Financial costs and income for the years ended on 31 December 2011 and 2010 is broken down as follows:

Financial costs	2011	2010
Interest borne:		
Financing from banks	(6.134.495)	(4.680.852)
Finance and operating leasing	(143.600)	(144.754)
	(6.278.095)	(4.825.606)
Other financing costs:		
Commissions and similar charges	(733.457)	(973.605)
Other financial costs	(673.021)	(502.717)
	(7.684.573)	(6.301.928)

Financial income	2011	2010
Interest from bank deposits	-	55.302
Exchange gains	13.390	17.431
Other	17.297	11.718
	30.687	84.451
Net financial costs	(7.653.886)	(6.217.477)

12. INCOME TAX OF THE YEAR

The Company is subject to Corporate Income Tax (“IRC”), at the rate of 25% on taxable income over 12,500 Euros, with a rate of 12.5% applying on taxable income lower than this amount, pursuant to article 87 of the Corporate Income Tax Code. Furthermore, as from 1 January 2010 taxable profits which exceed 2,000,000 Euros are subject to a State Tax (*Derrama estadual*) at a rate of 2.5%, within the terms of article 87-A of the Code of the Corporate Income Tax Code.

In accordance with legislation in force, the tax declarations are subject to revision and correction by the tax authorities during a period of four years (five years for the Social Security), except when there have been tax losses, tax benefits have been granted, or inspections, complaints or objections are under way, in which cases, depending on the circumstances, deadlines for filing such statements are extended or suspended. In this way, the Company’s tax declarations of the years from 2008 to 2011 could still be subject to revision.

The Company is covered by the Special System for Taxation of Groups of Companies ("SSTGC"), which is defined in article 69 of the Corporate Income Tax Code and covers all the companies in which it has a direct or indirect holding of at least 90% of the respective capital and which are, at the same time, resident in Portugal and taxed under Corporation Tax (IRC). Under this regime the taxable profit of the group relating to each tax period is calculated by the controlling company (Estoril Sol, SGPS, SA), through the algebraic sum of taxable profits and tax losses obtained in the individual periodic statements for each of the companies belonging to the group. The amount obtained is adjusted for part of the profits distributed among group companies that is included in the individual taxable bases.

The following companies are part of this system:

- Estoril Sol, SGPS, S.A;
- DTH – Desenvolvimento Turístico e Hoteleiro, S.A.;
- Estoril Sol Imobiliária, S.A.;
- Estoril sol V – Investimentos Imobiliários, S.A.;
- Chão do Parque – Sociedade de Investimentos Imobiliários, S.A.;
- Estoril Sol e Mar – Investimentos Imobiliários, S.A.;
- Estoril Sol Investimentos Hoteleiros, S.A.

The cost of taxation on income on 31 December 2011 and 2010 is broken down as follows:

	2011	2010
Pre-Tax Profit	(8.258.827)	4.362.886
Cancellation of the Result of companies exempt from IRC and subject to the Special Gaming Tax	(993.131)	(7.783.049)
Pre-Tax Profit of the companies (SSTGC)	(9.251.958)	(3.420.163)
Non-deductible costs		
Impairment of Goodwill	7.617.078	-
Other non-deductible costs	309.919	39.598
	7.926.997	39.598
Non-taxable income		
Other non-taxable income	(235.070)	(816.993)
	(235.070)	(816.993)
Result for tax purposes	(1.560.031)	(4.197.558)
Cost with taxation on income calculated at the rate of 26.5%	-	-
Autonomous taxation	50.000	60.000
Income tax - current	50.000	60.000
Income tax - deferred	-	-
Income tax of the year	50.000	60.000

No deferred tax assets were reported in relation to the tax losses reportable, given that no tax profits are expected from the activities that generate these results and which would allow the such assets to be recovered.

Within the terms of the legislation in force, tax losses produced up to 2009 are reportable during a period of 6 years after their occurrence and can be deducted from tax profits generated during this period. As from 2010 the reporting of tax losses can only take place during four years.

On 31 December 2011 the tax losses reportable amounted to 14,826,647 Euros and were generated as follows:

		Amount
Generated in :		
	- 2007	3.433.622
	- 2008	3.725.766
	- 2009	1.909.671
	- 2010	4.197.557
	- 2011	1.560.031
		14.826.647

13. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2011 and 2010, the movement in tangible assets, as well as in the respective depreciation and accumulated impairment losses, was as follows:

2011	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Advance payments on tangible fixed assets	Total
Gross amount:									
Opening balance	16.513.836	185.785.220	109.061.631	618.658	3.661.029	79.679	1.494.962	1.237.499	318.452.514
Acquisitions	-	18.343	2.238.327	69.758	51.086	-	7.307.359	-	9.684.873
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	865.785	-	-	-	(958.084)	(1.227.325)	(1.319.624)
Write-off	-	(8.616)	(3.550.639)	(415.747)	(19.287)	-	-	-	(3.994.289)
Closing balance	16.513.836	185.794.947	108.615.104	272.669	3.692.828	79.679	7.844.237	10.174	322.823.474
Depreciation and accumulated impairment losses:									
Opening balance	-	93.172.382	81.179.558	342.178	2.662.087	78.556	-	-	177.434.761
Depreciation of the year	-	7.641.070	9.217.810	53.731	242.124	1.835	-	-	17.156.570
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	(10.559)	-	-	-	(10.559)
Write-off	-	(7.549)	(3.430.720)	(243.129)	(18.932)	-	-	-	(3.700.330)
Closing balance	-	100.805.903	86.966.648	152.780	2.874.720	80.391	-	-	190.880.442
Net amount	16.513.836	84.989.044	21.648.456	119.889	818.108	(712)	7.844.237	10.174	131.943.032

The write-offs amounting to approximately 3,995,000 Euros that took place in 2011 are almost totally related with the start of the work of re-designing Póvoa de Varzim Casino and with the redevelopment and resizing of the gaming room of Estoril Casino. These write-offs occur with assets that are revertible to the State, and so there was the prior authorization of the National Tourist Office (Turismo de Portugal) – Gambling Inspection Service for this to be performed.

Of the total acquisitions of the year, amounting to 9,684,873 Euros, approximately 7,300,000 Euros is still stated as “tangible fixed assets in hand” and which relate to the work of re-designing and remodelling of the Póvoa de Varzim Casino building which is expected to be completed in 2012.

The Group acquired some offices which are intended for resale in respect of which it used the amount entered in the caption “Advances on tangible fixed assets”. As it is intended for resale this building is stated in the caption of “Inventories” (Note 20).

2010									
	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Advance payments on tangible fixed assets	Total
Gross amount:									
Opening balance	16.513.836	185.634.041	104.133.211	764.949	3.409.819	78.515	1.278.635	1.237.499	313.050.505
Acquisitions	-	421.749	6.033.228	86.621	263.386	1.164	257.203	-	7.063.351
Disposals	-	-	(3.700)	(125.925)	-	-	-	-	(129.625)
Adjustments	-	(236.683)	(4.950)		-	-	(40.876)	-	(282.509)
Write-off	-	(33.887)	(1.096.157)	(106.988)	(12.177)	-	-	-	(1.249.209)
Closing balance	16.513.836	185.785.220	109.061.632	618.657	3.661.028	79.679	1.494.962	1.237.499	318.452.513
Depreciation and accumulated impairment losses:									
Opening balance	-	85.182.891	70.450.013	424.884	2.413.053	74.639	-	-	158.545.480
Depreciation of the year	-	8.056.325	11.833.694	70.897	260.997	3.918	-	-	20.225.831
Disposals	-	-	(3.700)	(83.546)	-	-	-	-	(87.246)
Adjustments	-	(39.340)	(4.291)	-	-	-	-	-	(43.631)
Write-off	-	(27.494)	(1.096.157)	(70.057)	(11.963)	-	-	-	(1.205.671)
Closing balance	-	93.172.382	81.179.559	342.178	2.662.087	78.557	-	-	177.434.763
Net amount	16.513.836	92.612.838	27.882.073	276.479	998.941	1.122	1.494.962	1.237.499	141.017.750

The caption “Land and natural resources” includes the land on which the Lisbon Casino is based. The caption “Buildings and other constructions” comprises mostly the amounts of the buildings where Estoril Casino, Lisbon Casino and Póvoa de Varzim Casino operate. The caption “Basic equipment” essentially reflects gaming equipment.

Under the concession contract for gambling or games of chance in the permanent gaming areas of Estoril part of the Company’s tangible fixed assets are revertible to the Portuguese State.

In the case of Lisbon Casino only the tangible fixed assets referring to gaming equipment and which are therefore entered in the caption “Basic equipment” are revertible to the State. With regard to Estoril Casino and Póvoa de Varzim Casino, both the buildings and the gaming equipment are revertible to the State.

The division between tangible fixed assets that are non-revertible and revertible to the State in the years ended on 31 December 2011 and 31 December 2010 is presented below:

<u>Tangible fixed assets revertible to the State</u>

Year 2011 - Tangible fixed asstes revertible to the State									
	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Advance payments on tangible fixed assets	Total
Gross amount:									
Opening balance	-	124.221.825	101.699.420	-	2.917.073	57.642	1.494.962	10.174	230.401.096
Acquisitions	-	3.350	2.111.882	-	15.562	-	7.307.359	-	9.438.153
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	949.377	-	(263.397)	-	(958.084)	-	(272.104)
Write-off	-	(8.616)	(3.476.692)	-	(18.793)	-	-	-	(3.504.101)
Closing balance	-	124.216.559	101.283.987	-	2.650.445	57.642	7.844.237	10.174	236.063.044
Depreciation and accumulated impairment losses:									
Opening balance	-	82.402.143	77.611.349	-	2.325.108	56.886	-	-	162.395.486
Depreciation of the year	-	5.075.676	8.572.823	-	103.924	483	-	-	13.752.906
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	16.802	-	(31.347)	-	-	-	(14.545)
Write-off	-	(7.549)	(3.394.588)	-	(18.438)		-	-	(3.420.575)
Closing balance	-	87.470.270	82.806.386	-	2.379.247	57.369	-	-	172.713.272
Net amount	-	36.746.289	18.477.601	-	271.198	273	7.844.237	10.174	63.349.772

Year 2010 - Tangible fixed asstes revertible to the State

	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Advance payments on tangible fixed assets	Total
Gross amount:									
Opening balance	-	123.796.149	96.872.513	-	2.690.552	57.642	1.278.635	10.174	224.705.665
Acquisitions	-	418.688	5.841.745	-	227.594	-	257.203	-	6.745.230
Disposals	-	-	(3.700)	-	-	-	-	-	(3.700)
Adjustments	-	40.876	-	-	-	-	(40.876)	-	-
Write-off	-	(33.887)	(1.011.138)	-	(1.074)	-	-	-	(1.046.099)
Closing balance	-	124.221.826	101.699.420	-	2.917.072	57.642	1.494.962	10.174	230.401.096
Depreciation and accumulated impairment losses:									
Opening balance	-	77.079.368	67.491.016	-	2.178.843	56.150	-	-	146.805.377
Depreciation of the year	-	5.350.269	11.135.633	-	147.339	737	-	-	16.633.978
Disposals	-	-	(3.700)	-	-	-	-	-	(3.700)
Adjustments	-	-	(461)	-	-	-	-	-	(461)
Write-off	-	(27.494)	(1.011.138)	-	(1.074)	-	-	-	(1.039.706)
Closing balance	-	82.402.143	77.611.350	-	2.325.108	56.887	-	-	162.395.488
Net amount	-	41.819.683	24.088.070	-	591.964	755	1.494.962	10.174	68.005.608

Tangible fixed assets non-revertible to the State

Year 2011 - Tangible fixed asstes non-revertible to the State

	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Advance payments on tangible fixed assets	Total
Gross amount:									
Opening balance	16.513.836	61.563.395	7.362.211	618.658	743.956	22.037	-	1.227.325	88.051.418
Acquisitions	-	14.993	126.445	69.758	35.524	-	-	-	246.720
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	(83.592)		263.397	-	-	(1.227.325)	(1.047.520)
Write-off	-	-	(73.947)	(415.747)	(494)	-	-	-	(490.188)
Closing balance	16.513.836	61.578.388	7.331.117	272.669	1.042.383	22.037	-	-	86.760.430
Depreciation and accumulated impairment losses:									
Opening balance	-	10.770.239	3.568.209	342.178	336.979	21.670	-	-	15.039.275
Depreciation of the year	-	2.565.394	644.987	53.731	138.200	1.352	-	-	3.403.664
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	(16.802)	-	20.788	-	-	-	3.986
Write-off	-	-	(36.132)	(243.129)	(494)	-	-		(279.755)
Closing balance	-	13.335.633	4.160.262	152.780	495.473	23.022	-	-	18.167.170
Net amount	16.513.836	48.242.755	3.170.855	119.889	546.910	(985)	-	-	68.593.260

Year 2010 - Tangible fixed asstes non-revertible to the State

	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Advance payments on tangible fixed assets	Total
Gross amount:									
Opening balance	16.513.836	61.837.892	7.260.698	764.949	719.267	20.873	-	1.227.325	88.344.840
Acquisitions	-	3.061	191.483	86.621	35.792	1.164	-	-	318.121
Disposals	-	-	-	(125.925)	-	-	-	-	(125.925)
Adjustments	-	(277.559)	(4.950)	-	-	-	-	-	(282.509)
Write-off	-	-	(85.019)	(106.988)	(11.103)	-	-	-	(203.110)
Closing balance	16.513.836	61.563.394	7.362.212	618.657	743.956	22.037	-	1.227.325	88.051.417
Depreciation and accumulated impairment losses:									
Opening balance	-	8.103.523	2.958.997	424.884	234.210	18.489	-	-	11.740.103
Depreciation of the year	-	2.706.056	698.061	70.897	113.658	3.181	-	-	3.591.853
Disposals	-	-	-	(83.546)	-	-	-	-	(83.546)
Adjustments	-	(39.340)	(3.830)	-	-	-	-	-	(43.170)
Write-off	-	-	(85.019)	(70.057)	(10.889)	-	-	-	(165.965)
Closing balance	-	10.770.239	3.568.209	342.178	336.979	21.670	-	-	15.039.275
Net amount	16.513.836	50.793.155	3.794.003	276.479	406.977	367	-	1.227.325	73.012.142

14. TAX DEDUCTIONS ON INVESTMENT

During the year ended on 31 December 2011 and 2010, the Company benefited from the following tax deductions on investments:

	2011			
Tax deductions on investments	Opening Balance	Investment year	Income of the year	Closing Balance
Estoril Casino	11.600.684	48.749	(2.497.073)	9.152.360
Lisbon Casino	4.830.956	66.604	(1.688.170)	3.209.390
Póvoa de Varzim Casino	3.358.486	4.272.435	(1.079.134)	6.551.787
	19.790.126	4.387.788	(5.264.377)	18.913.537

	2010			
Tax deductions on investments	Opening Balance	Investment year	Income of the year	Closing Balance
Estoril Casino	12.493.483	1.901.618	(2.794.417)	11.600.684
Lisbon Casino	7.053.136	348.222	(2.570.402)	4.830.956
Póvoa de Varzim Casino	4.089.975	607.278	(1.338.767)	3.358.486
	23.636.594	2.857.118	(6.703.586)	19.790.126

The attribution of these tax deductions against the Special Gaming Tax payable is exclusively related with the acquisition of gaming equipment with the prior authorization of the Gambling Inspection Service.

15. INTANGIBLE ASSETS

During the years ended on 31 December 2011 and 2010, the movement in intangible assets, as well as in the respective amortization and accumulated impairment losses, was as follows:

	2011	2010
	Gaming Concession Rights	Gaming Concession Rights
Gross assets:		
Opening balance	260.610.564	260.610.564
Acquisitions	-	-
Disposals	-	-
Transfers and write-offs	-	-
Closing balance	260.610.564	260.610.564
Amortization and accumulated impairment losses:		
Opening balance	136.585.682	125.352.540
Amortization of the year	11.356.372	11.233.142
Closing balance	147.942.054	136.585.682
Net assets	112.668.510	124.024.882

The breakdown of intangible assets on 31 December 2011 is as follows:

	2011		
	Gross Assets	Accumulated Amortization	Net Assets
Gaming concession premium, Estoril	153.576.455	(99.631.671)	53.944.784
Gaming concession premium, Lisbon	30.000.000	(11.478.897)	18.521.103
Gaming concession premium, Póvoa de Varzim	77.034.109	(36.831.486)	40.202.623
	260.610.564	(147.942.054)	112.668.510

	2010		
	Gross Assets	Accumulated Amortization	Net Assets
Gaming concession premium, Estoril	153.576.455	(93.681.751)	59.894.704
Gaming concession premium, Lisbon	30.000.000	(9.421.754)	20.578.246
Gaming concession premium, Póvoa de Varzim	77.034.109	(33.482.177)	43.551.932
	260.610.564	(136.585.682)	124.024.882

The concession in Estoril carried over from the then Estoril Sol, S.A. (now known as Estoril Sol, S.G.P.S, S.A.) to Estoril Sol III, Turismo, Animação and Jogo, S.A., in the last quarter of 2001. In this transaction process, an asset was produced between group companies with the concession premium in 1987, for the amount of 4,701,376 Euros which is eliminated in the consolidated accounts.

On the other hand, it negotiated an extension of the concession for Estoril until 2020, as it assumed a financial obligation toward the State amounting to 98,759,889 Euros, payment of which began in 2001 with the amount of 57,641,085 Euros and ended in July 2006 with the payment of the last of the ten instalments with a base value equal to 4,111,880 Euros, plus monetary updates as defined in the concession extension contract. It should be pointed out that in 2001 we estimated and capitalized the monetary updates for the ten instalments, as agreed to, however, these were corrected from the moment when the international accounting standards were applied.

The same procedure was assumed with regard to Póvoa Casino, the concession for which runs up to the year 2023, and, in this case, the Group paid the Government the amount of 58,359,353.97 Euros in instalments also occurring in the period from 2001 to 2006, which were also the subject of monetary correction. These assets have a finite useful life, and they shall be fully depreciated by late 2020 in relation to the gaming concession for Estoril Casino and Lisbon Casino, and by late 2023 in the case of Póvoa Casino. There are no assets with an indefinite useful life or contractual commitments for the purchase of intangible assets.

In order to examine the impairment of the value of each of these concessions, as recorded in the financial statements, a technical estimate was given for the value of each of these concessions, in accordance with International Accounting Standards. To this end, we carried out the work of arriving at a reasonable value of the concessions operated by the Group, based on the characteristics and nature of the business being conducted, using the updated cash flow method, considering the duration of the concessions.

Use of this method is based on the principle that the estimated value of an organization or a business is represented by its potential for generating financial resources in the future that are liable to be withdrawn from the business and distributed to shareholders without jeopardizing its continuity.

Arising from the analyses carried out an impairment loss was recorded referring to Varzim Sol - Turismo, Jogo e Animação, S.A. (Note 16).

16. GOODWILL

During the years ended on 31 December 2011 and 2010, the movement in goodwill was as follows:

	2011	2010
Gross assets:		
Opening balance	10.552.860	10.552.860
Write-offs / adjustments	-	-
Closing balance	10.552.860	10.552.860
Accumulated impairment losses:		
Opening balance	-	-
Impairment losses of the year	7.617.078	-
Closing balance	7.617.078	-
Net value	2.935.782	10.552.860

Goodwill on 31 December 2011 and on 31 December 2010 is broken down as follows:

	2011			2010
Entity	Gross value	Impairment losses of the year	Book value	Book value
Varzim Sol - Turismo, Jogo e Animação, S.A.	10.552.860	7.617.078	2.935.782	10.552.860

In compliance with the provisions under IFRS 3, the Group conducts annual impairment analyses of goodwill, reported on 31 December each year, or whenever there are indications of impairment. For the purposes of the analysis of impairment, goodwill was attributed to the diverse cash generating units identified, a cash generating unit being considered to be the smallest identifiable group of assets that generates a cash influx and which is largely independent of the cash influx from other assets or groups of assets. For these purposes, the cash generating units identified to which goodwill was imputed corresponds to the activity generated by Póvoa de Varzim Casino.

On 31 December 2011, the Group, as in 2010, hired a specialised independent entity to perform the analysis of impairment of goodwill.

Impairment analyses of goodwill are carried out using the discounted cash-flow method, based on the financial projections of cash-flow up to the end of the period of the concession. The discount rates used reflect the level of indebtedness and the cost of third party capital of each cash generating unit, as well as the level of risk and profitability expected by the market.

The financial projections are prepared based on assumptions of how the activity of the cash generating unit and their markets will evolve, which are in line with historic trends, reasonable and prudent in their preparation regarding the behaviour of the main market variables and performance of the activities compared with the strategic plans defined.

As a result of the impairment analysis performed on 31 December 2011, the Company recognised impairment losses of part of the goodwill referring to Varzim-Sol, Turismo, Jogo e Animação, S.A, essentially arising from changes in the key assumptions related with gaming revenue. These changes are due to the degradation of the Portuguese economy compared with the expectations of the previous year and together with the continued increase in interest rates.

The main assumptions and estimates made for the application of the updated cash flow method of evaluation, were the following:

Time horizon

The time horizon corresponds to the estimated duration of the business. In this regard, and for the purpose of this analysis, the duration of the concession period for Póvoa Casino, December of 2023, was considered.

Residual value

Taking into account the nature of any activity undertaken under concession, the value residual corresponds to the liquidation of the operating assets and liabilities of the companies at the end of the concession period.

Objective financial structure

The objective financial structure considered in the projection period (determined by the ratio between indebtedness and the total resources invested at market values) was approximately 26.9%, which assumes a stable and sustainable level of indebtedness in the long term.

Rate of actualization

The rate of actualization corresponds, conceptually, to the capital cost of the resources (own and third party) used in the financing of the operations and is based on the weighted average of these sources of capital.

Cost of equity

From a theoretical point of view, the cost of equity corresponds to a rate of remuneration equivalent to the profitability of the assets without long term risk (Treasury Bonds), plus a premium according to the systemic risk of the business (operational and financial). The analysis carried out in relation to the determination of the parameters mentioned previously, produced a cost of equity of 11.8% (11% in 2010) for the gaming business under concession.

Cost of third party capital

The cost of third party capital corresponds to cost in the long term, net of fiscal effects, of the Company's external financing. In this regard, and considering that the companies that run the gaming activity under concession are not subject to the payment of income tax, the value of approximately 7.5% (6.7% in 2010) is assumed as the cost of third party capital.

Cost of capital

According to the costs of the financial resources indicated above and considering the long term objective financial structure, at market values, the resulting average cost of capital for the companies comes to approximately 10.6% (9.6% in 2010).

17. INVESTMENT PROPERTIES

During the years ended on 31 December 2011 and on 31 December 2010, the movement in investment properties, as well as in the respective depreciation and accumulated impairment losses, was the following

	2011	2010
Gross assets:		
Opening balance	282.509	282.509
Additions	-	-
Write-offs	-	-
Disposals	-	-
Closing balance	282.509	282.509
Depreciation and impairment losses:		
Opening balance	49.788	43.618
Depreciation of the year	6.170	6.170
Closing balance	55.958	49.788
Net value	226.551	232.721

Investment properties is made up principally from an apartment and respective contents held by Estoril-Sol (III) – Turismo, Animação e Jogo, S.A., in Monte Estoril.

During the year ending on 31 December 2009, the Group asked an independent entity to evaluate these assets, according to which their market value is higher than their book value. In the years ended on 31 December 2011 and 2010 there was no indication of any impairment of these assets.

18. NON-CURRENT ASSETS HELD FOR SALE

The Group holds a building for sale located in Alcoitão stated for the amount of 4,647,510 Euros. There is a preliminary purchase and sale contract on this building, signed on 11 March 2010, which sets its sale at the total value of 5,725,000 Euros. On this date the promissory purchaser has already made down payments on that value amounting to 1,200,000 Euros.

19. OTHER NON-CURRENT ASSETS

On 31 December 2011 and 31 December 2010 other non-current assets were made up as follows:

	2011	2010
Participation in the remodelling of Póvoa de Varzim Casino	1.943.044	-
Other non-current assets	264.340	248.730
	2.207.384	248.730

The amount referring to participation in the remodelling work of Póvoa de Varzim Casino, will be realizable after 2012 by deduction from the value payable by Varzim Sol – Turismo, Jogo e Animação, S.A., by way of the annual payment of the Special Gaming Tax.

Other non-current assets essentially relate to amounts receivable from the Tax Administration.

20. INVENTORIES

On 31 December 2011 and 2010, this caption was broken down as follows:

	2011			2010		
	Gross Amount	Impairment Losses	Net Amount	Gross Amount	Impairment Losses	Net Amount
Goods	1.461.149	-	1.461.149	421	-	421
Finished and intermediate products	3.176.352	-	3.176.352	3.176.352	-	3.176.352
Raw materials, secondary materials and consumables	351.761	-	351.761	389.094	-	389.094
	4.989.262	-	4.989.262	3.565.867	-	3.565.867

The caption "Goods" essentially comprises a fraction of offices held by a company of the Group which is intended for resale.

Through one of its companies the Group owns a plot of land where the old ruins of the Hotel Miramar stand. This asset is entered in the caption "Finished and intermediate products",

The caption "Raw materials, secondary materials and consumables" is almost totally made up from food and drink products intended for sale in the diverse bares and restaurant areas of Estoril and Póvoa de Varzim Casinos.

21. CUSTOMERS

On 31 December 2011 and 2010, this caption was broken down as follows:

	2011	2010
Customers current account	625.194	689.570
Impairment	(179.178)	(95.090)
	446.016	594.480
Customers doubtful debts	2.865.580	3.928.764
Impairment	(2.865.580)	(3.928.764)
	-	-
	446.016	594.480

Current account customers' debts are related with the activities of entertainment and restaurants. These are subject to evaluation by the credit control debts, and all debts that are overdue for periods of six months or more are subject to an entry of impairment for an amount equal to that of the debt (100%). On 31 December 2011 and 2010 there were no outstanding balances receivable for periods of 6 months or more that did not have a provision.

The Group does not grant credit in its gaming activity, although there are situations where amounts cannot be received, related with the means of payment used. Whenever an unfunded cheque is detected related with the gaming activity, a provision is immediately set up for the full amount, irrespective of the effort made for its collection that may be made in the future in order to effectively receive the amounts in cash.

22. OTHER ACCOUNTS RECEIVABLE

On 31 December 2011 and 2010, this caption was broken down as follows:

	2011	2010
Advances to Suppliers	288.650	391.274
State and Public Sector	452.904	231.002
Deferrals:		
Expenses with shows to be held	648.799	966.322
Insurance	476.110	127.794
Fees with maintenance, technical assistance and licences	79.055	87.703
Other deferrals	43.210	39.948
Other accounts receivable	417.491	576.372
	2.406.219	2.420.415

The caption "Expenses with shows and other events to be held" shows the costs already incurred with the preparation of artistic shows to be put on in the diverse halls of the Casinos in Estoril, Lisbon and Póvoa de Varzim, during 2012.

23. CASH AND CASH EQUIVALENTS

On 31 December 2011 and 2010, this caption was broken down as follows:

	2011	2010
Immediately available bank deposits	3.188.282	1.248.340
Cash	9.608.887	9.638.548
Cash and cash equivalents	12.797.169	10.886.888
Bank overdrafts	(1.088.697)	-
Cash and bank deposits	11.708.472	10.886.888

24. CAPITAL

On 31 December 2011, the share capital of the Company is represented by 11,993,684 shares, of which 6,116,779 are registered shares and 5,876,905 bearer shares, of a nominal unit value of 5 Euros, which confer the right to a dividend.

The share capital issued by the Company on 31 December 2011 and on 31 December 2010 is broken down as follows:

	2011	2010
Paid-up capital	59.968.420	59.968.420
Treasury shares	(708.306)	(708.306)
Issue premiums	7.820.769	7.820.769
	67.080.883	67.080.883

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

Date	Nominal value	No. of shares
31 of December 2011		
Registered	5	6.116.779
Bearer	5	5.876.905
		11.993.684
31 of December 2010		
Registered	5	6.116.779
Bearer	5	5.876.905
		11.993.684

Treasury shares were acquired by the Company as follows:

Year of Acquisition	No. shares	Nominal value	Total nominal	Total premiums	Total
2001	34.900	5	174.500	280.945	455.445
2002	43	5	215	184	399
2007	22	5	110	88	198
2008	27.600	5	138.000	114.264	252.264
Total	62.565		312.825	395.481	708.306

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

- Finansol, Sociedade de Controlo, S.G.P.S, S.A., with 60.2%
- Amorim – Entertainment e Gaming International, S.G.P.S., S.A., with 35.87%.

25. FINANCING OBTAINED

On 31 December 2011 and 2010, this caption was broken down as follows:

Nature of the financing	2011 Nominal Value	2011 Balance Sheet Value	2010 Nominal Value	2010 Balance Sheet Value
Non-current financial:				
- Bank loans	12.500.000	12.500.000	27.000.000	27.000.000
- Commercial paper	-	-	11.000.000	11.000.000
- Current accounts	-	-	11.939	11.939
- Finance leasing	89.265	89.265	75.700	75.700
	12.589.265	12.589.265	38.087.639	38.087.639
Current financing:				
- Bank loans	19.500.000	19.833.611	14.000.000	14.000.000
- Commercial paper	54.500.000	54.100.342	39.000.000	39.000.000
- Current accounts	39.085.262	38.732.392	36.557.335	36.557.335
- Bank overdrafts (Note 23)	1.088.697	1.088.697	5.614.813	6.008.135
- Finance leasing	58.339	58.339	183.814	183.814
	114.232.298	113.813.381	95.355.962	95.749.284
	126.821.563	126.402.646	133.443.601	133.836.923

The average interest rates for financing, borne by the Group, including commissions and other charges, come within an interval of between 5.5% and 7%.

The amount classified as non-current bank loans, for a total amount of 12,500,000 Euros, falls due in 2013.

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.

26. LEASING

The companies that comprise the Group are lessees in financial and operational leasing contracts related with motor vehicles, which are denominated in Euros.

These contracts produce the following future liabilities for the Group:

	Financial leasing	Operating leasing	Total
Up to 1 year	58.339	428.393	486.732
Between 1 year and 5 years	89.265	561.791	651.056
	147.604	990.184	1.137.788

27. PROVISIONS

The movement in the provisions accounts in the years ended on 31 December 2011 and 2010 is as follows:

	2011			
	Opening Balance	Increases	Reversals	Closing Balance
Provisions for pensions	4.555.000	-	(753.000)	3.802.000
Legal proceedings in hand	1.374.559	745.562	(75.496)	2.044.625
Other risks and charges	1.565.082	45.551	(896.490)	714.143
	7.494.641	791.113	(1.724.986)	6.560.768

	2010			
	Opening Balance	Increases	Reversals	Closing Balance
Provisions for pensions	4.619.561	-	(64.561)	4.555.000
Legal proceedings in hand	165.460	1.229.989	(20.890)	1.374.559
Other risks and charges	1.594.396	-	(29.314)	1.565.082
	6.379.417	1.229.989	(114.765)	7.494.641

Provisions for pensions / Post-employment benefits

By the Articles of Association approved in the General Meeting of 29 May 1998, Estoril Sol, SGPS, SA confirmed, in article 36, the right to a retirement pension paid by the company to the former directors who had already retired, based on the previous article 25 of the Articles of Association that were then altered, and the same rights and benefits as those of directors, in office at that time, who had or would have then completed ten years of service – after entering retirement - rights and benefits to be regulated in a contract to be agreed between the Company and these directors.

In order to estimate its liabilities for these payments, the Group follows the procedure of annually obtaining actuarial calculations of the liabilities, calculated using the technical standards of the Insurance Institute of Portugal.

The most recent actuarial study of the assets of the plan and of the present value of the defined benefit obligations was carried out in December of 2011 by a specialised entity accredited for the purpose. The present value of the obligation concerning defined benefits and the cost of current services and of related past services were measured using the projected unit credit method.

The main assumptions made in the actuarial evaluation mentioned above were the following:

	2011	2010
Discount rate	4,75%	4,75%
Rate of growth of pensions	0,00% p.a	0,00% p.a
Mortality table		
- Before retirement	n.a	n.a
- After retirement	GKF95	GKF95
Invalidity table	n.a	n.a
Table of departures	n.a	n.a
Retirement age	Age on 1 January 2012	

The actuarial study resulted in a reduction in the liabilities assumed by the Company amounting to 753,000 Euros, arising from the decease of two of the beneficiaries.

Legal proceedings in hand

The provision for legal proceedings in hand is intended to cover estimated liabilities based on information from legal advisors, arising from lawsuits filed against the Group.

During 2011 the Group set up provisions amounting to approximately 535,000 Euros to address new lawsuits of a commercial nature, and 125,000 Euros for employment litigation.

One of the subsidiaries of the Group made a collective dismissal in 2010 within the terms established in the Law, which affected 112 employees. Some of these contested this procedure and filed a lawsuit in Court trying to have this overturned and for their reintegration as Company staff. The Company and the legal consultants responsible for the case consider that there is a high probability of the Company winning and, therefore, it has set up a provision corresponding only to the legal obligations allowed for in labour legislation in cases of collective dismissal which it will have to pay to the former employees by way of indemnity evens if it wins the case. This amounts to 1,224,176 Euros.

Other risks and charges

These provisions mostly contemplate questions of divergence in fiscal matters between the Group and the Tax Administration. During the year ending in 2011 the Group reversed a provision of approximately 890,000 Euros relating to a divergence relating to Value Added Tax (VAT) as a result of a decision against the Group.

28. OTHER ACCOUNTS PAYABLE

On 31 December 2011 and 2010, this caption was broken down as follows:

	2011	2010
Current suppliers	4.724.466	4.771.520
Suppliers of investments	3.672.196	1.620.668
State and Public Sector		
Annual gaming payment	19.427.960	25.692.653
Special Gaming Tax (December)	7.272.234	7.026.060
Social Security contributions	636.181	575.435
Other in favour of the State	1.536.455	953.942
Charges with holidays payable	4.160.204	4.042.800
Responsibilities for accumulated gaming premiums	1.134.492	1.291.260
Other	3.429.260	2.407.435
	45.993.448	48.381.773

29. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

Contingent liabilities

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

The main situations are the following:

- Differences in understanding between the Group and the Tax Authorities over Corporation Tax (IRC), relating to the years 2007, 2008 and 2009, with regard to the taxation of diverse 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. On the date of these financial statements there are 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 6,195,824 Euros, of which 4,600,920 Euros were provided in January of 2012.

- One of the subsidiaries of the Group made a collective dismissal in 2010 within the terms established in the Law, which affected 112 employees. Some of these contested this procedure and filed a lawsuit in Court trying to have this overturned and for their reintegration as Company staff. The Company and the legal consultants responsible for the case consider that there is a high probability of the Company winning and, therefore, it has set up a provision corresponding only to the legal obligations allowed for in labour legislation in cases of collective dismissal which it will have to pay to the former employees by way of indemnity evens if it wins the case. This amounts to 1,224,176 Euros.

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

- The existence of an account payable for a total amount of 1,134,492 Euros in respect of liabilities for accumulated gaming premiums. These liabilities are revised on a monthly basis, according to the accumulated premiums announced in the diverse gaming rooms of the Casinos run by the Group (Note 28).

Commitments and contingent assets

In the normal course of its activity the Group assumes commitments related, essentially, with the remodelling and equipment of the Casinos that it runs. On 31 December 2011 the main ones were the following:

- In relation to the re-design and remodelling of the Póvoa de Varzim Casino building, works worth a total amount of 11,849,611 Euros were approved by the Institute of Portugal through a dispatch of the Secretary of State for Culture. Of this investment, 5,622,109 Euros will be subject to co-payment through the deduction split over four years of the amounts payable by way of the annual payment of the Special Gaming Tax. On this date the Group has entered in its financial statements an account receivable amounting to 1,943,044 Euros corresponding to the effective co-payment of the investment already made and which will be the subject of deduction in future payments of the Special Gaming Tax (Note 19).

Guarantees provided

On 31 December 2011 and 2010 the guarantees provided by the Group were as follows:

	2011	2010
Obligations related with the Special Gaming Tax	26.650.000	30.650.000
Tax lawsuits in hand / litigation	1.787.259	1.204.318
Current suppliers	108.625	80.179
	28.545.883	31.934.497

30. MANAGEMENT OF FINANCIAL RISKS

In the normal course of its activity the Estoril-Sol Group is exposed to a variety of financial risks that can change its asset value. Financial risk is understood to be the probability of obtaining results other than those expected, whether these be positive or negative, materially and unexpectedly changing the asset value of the Group.

In order to minimise the potential impact of these risks, the Group adopts a strict and consistent financial policy based on two vitally important instruments:

- approval of the annual budget and the respective revision and analysis of deviations on a monthly basis, and;
- the elaboration of financial and cash-flow planning, which is also reviewed on a monthly basis.

The financial risks which can possibly impact on the activities undertaken by the Group are those presented below:

Credit risk:

The credit risk is related with the balances receivable from customers and other debtors, classified in balance sheet in the captions, “Customers” and “Other accounts receivable”, respectively.

Portuguese legislation forbids casino concessionaires from granting credit to gaming activities, and so, in this regard, Group Companies are not exposed to credit risk.

Other revenue from restaurant and entertainment activities, which account for around only 1.0% of revenue, therefore represents insignificant exposure.

Liquidity risk:

The management of the liquidity risk is based on maintaining an adequate level of available cash and on the contracting of credit limits that help not only to ensure the normal development of the Group’s activities but also to cater for any operations of an extraordinary nature.

According to the monetary resources freed up by the companies that comprise the Group, we feel the financial risk to which the Group is exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that asset guarantees are dispensed with for operations under contract, further reinforced by the no less relevant fact that over the years the

Group has been successively reducing its financial liabilities, thereby complying with the commitments assumed.

Interest rate risk

The Group's exposure to the interest rate risk stems from the existence, in its balance sheet, of financial assets and liabilities, taken out at variable rates. A change in the market rates has a direct impact on the value of the interest received and/or paid, causing consequent variations in cash.

A significant part of the financing obtained by the Group is classified as current, and so the interest rate is frequently revised, which means a greater exposure to fluctuations in market interest rates, whether in the Company's favour or not.

If the market interest rates had been 1% higher during the years ended on 31 December 2011 and 2010, the financial costs of those years would have increased by approximately 1,230,000 Euros and 1,610,000 Euros, respectively.

Exchange rate risk

All operations are carried out in Euros, with the exception of some current imports, which periods of no more than 45 days, which are conducted in US Dollars, and so the Group has only minimal exchange rate exposure.

31. EVENTS AFTER THE BALANCE SHEET DATE

During the month of January of 2012 the Group paid 19,427,960 Euros referring to the annual payment of the Special Gaming Tax and 7,272,234 Euros referring to the Special Gaming Tax relating to the period of December of 2011 (Note 28).

LAMPREIA & VIÇOSO

SOCIEDADE DE REVISORES OFICIAIS DE CONTAS

DONATO JOÃO LOURENÇO VIÇOSO – ROC N.º 334
JOSÉ MARTINS LAMPREIA – ROC N.º 149
JOSÉ ALBERTO CAMPOS DIAS – ROC N.º 365

RUA DA CONCEIÇÃO, 85 – 1º ESQ. –1100-152 LISBOA
TEL. 21 321 95 30 FAX. 21 321 95 39
E-mail: geral@lampreiavicoso.com
Site: www.lampreiavicoso.com

LEGAL CERTIFICATION OF ACCOUNTS
AND
AUDIT REPORT

(Individual accounts)

INTRODUCTION

1. Pursuant to applicable legislation, we hereby submit the Legal Certification of Accounts and Audit Report regarding the financial information contained in the Management Report and the Corporate Governance Report and in the attached financial statements of the year ended on 31 December 2011 of **ESTORIL SOL, S.G.P.S., S.A. - Public Company,** comprising: the Balance sheet on 31 December 2011 (indicating a total of 144,854,147 Euros and a total equity of 95,686,426 Euros, including a negative net result of 6,656,383 Euros), the Income Statement by Nature, the Statement of Changes in Equity and the Cash Flow Statement of the year ending on that date and the corresponding Notes.

RESPONSIBILITIES

2. The Board of Directors of **Estoril Sol, SPGS, SA - Public Company** - is responsible for:

   a) Preparing financial statements that present a true and fair view of the financial position of the Company, the result of its operations, the changes in equity and the cash flow;
   b) Providing historical financial information which should be prepared in accordance with generally accepted accounting principles and that it is complete, correct, current, clear, objective and lawful as required by the Securities and Exchange Commission's Code;
   c) Adopting appropriate accounting policies and criteria;
   d) Maintaining an appropriate system of internal control, and
   e) Informing on any relevant facts that may have influenced its activity, financial position or results.

3. Our responsibility is to make sure the financial information contained in the financial statements mentioned above is complete, correct, current, clear, objective and lawful, as required by the Portuguese Securities Market Code, and to express a professional and independent opinion based on our audit.

SCOPE

4. We conducted our audit in accordance with the Technical Standards and Auditing Directives of the Portuguese Institute of Statutory Auditors, which require that an audit be planned and carried out in such a way as to give reasonable assurance that the financial statements are free from material misstatement. The audit thus includes: (i) an examination, on a test basis, of relevant evidence regarding the amounts and disclosures in the financial statements and an evaluation of the estimates, based on judgements and criteria defined by the Board of Directors used in their preparation; (ii) an examination of the adoption of adequate accounting procedures and their disclosure, taking the circumstances into account; (iii) verification of the applicability of the principle of continuity; (iv) an assessment of whether, in global terms, the presentation of the financial statements is adequate; and (v) an assessment of whether the financial information is complete, correct, current, clear, objective and lawful.

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5. Our audit also covered the verification of the consistency of the financial information in the Management Report and in the Corporate Governance Reports with the other statutory annual documentation, as well as the checks allowed for in numbers 4 and 5 of article 451 of the Commercial Companies Code.

6. We believe that the audit that we performed allows us to express an opinion on these financial statements.

OPINION

7. In our opinion, the financial statements audited by us present a true and fair view, in all material respects, of the financial position of **ESTORIL SOL, S.G.P.S., S.A. – Public Company –** as at 31 December 2011, the result of its operations, the changes in equity and the cash flow in the year then ended, in accordance with generally accepted accounting principles in Portugal, and the information therein is complete, correct, current, clear, objective and lawful.

REPORTING ON OTHER LEGAL REQUIREMENTS

8. It is also our opinion that the information included in the Management Report is in agreement with the financial statements of the year and the Corporate Governance Report includes the elements required within the terms of article 245 - A of the Securities and Exchange Commission's Code.

EMPHASIS

9. Notwithstanding the opinion expressed in paragraph 7, we would like to draw your attention to the following situations:

   a) As stated in points 3.9 and 14 of the Notes to the Financial Statements the provisions set up, based on an actuarial study carried out by an independent entity, for the retirement pensions of former and current directors, fully cover this liability.

   b) The loans on Group Companies, with negative equity, and which, for this reason, are covered by the situation contemplated in article 35 of the Commercial Companies Code, are duly adjusted.

   c) The company, following the impairment study carried out by an independent entity on the subsidiaries operating gaming concessions, recognised an impairment loss on the goodwill generated upon the acquisition, in 1997, of the share capital of "Varzim Sol – Turismo, Jogo e Animação, SA, as stated in point 6 of the Management Report.

Lisbon, 20 April 2012

Lampreia & Viçoso, SROC

Registered in the CMVM no. 7873

represented by
Donato João Lourenço Viçoso (ROC no. 334)

REPORT AND OPINION OF THE AUDIT BOARD
(Individual accounts)

To the Shareholders,

Pursuant to the applicable legal provisions and the Company's Memorandum and Articles of Association, it is our duty to submit to your appreciation the Report and Opinion of the Audit Board on the Management Report and on the Corporate Governance Report and individual financial statements, presented by the Board of Directors of **ESTORIL SOL, S.G.P.S., S.A. - Public Company -** in relation to the year ended on 31 December 2011.

1- REPORT

1.1- The Audit Board has monitored the company's management and operations during the year. It remained in regular contact with the Board of Directors and with other company officials, who were always available to provide due explanations. It also had access to all documentation requested for performing its duties.

1.2- The Audit Board performed the tests and checks it is entrusted with, and deemed necessary, under the circumstances. It monitored the procedures for controlling risks and the internal control system implemented. The process of preparation and disclosure of financial information was also supervised.

1.3- The Management Report and the Corporate Governance Report describe the policies followed, the economic and financial operations, the conditioning factors involved, with regard to the fiscal year under evaluation, and the prospects for progress, given the economic climate.

1.4- The individual accounts, comprising the balance sheet, the income statement by natures, the statement of the changes in equity and the cash flow statement and the corresponding Notes, are all in agreement with the accounting records and with the accounting policies and practices.

1.5- In compliance with the legal provisions the Board certified the independence of the Statutory Auditors noting their professionalism and technical capacity, supervising their activity, at appropriate intervals, through meetings and the observation of the checks made by it.

1.6- We evaluated the Legal Certification of Accounts and the Audit Report as prepared by the Chartered Accountants, which warranted our agreement.

1.7- The Audit Board considered the proposal for the application of results presented by the Board of Directors.

2 - OPINION

In view of the above, we evaluated the Management Report and Corporate Governance Report, the balance sheet and individual accounts relating to the year 2011, as well as the proposal for the application of results, it being our opinion that these are in a condition to be discussed and voted on in a General Meeting of Shareholders.

3 – DECLARATION OF LIABILITY

The Audit Board declares within the terms and for the purposes of the provisions in line c) of no.1 of article 245 of the Securities and Exchange Commission's Code that, to the best of its knowledge, the information contained in the individual financial statements was prepared in accordance with the generally accepted accounting principles in Portugal, giving a true and appropriate image of the financial position, the result of the operations, the changes in equity and the cash flow of **ESTORIL SOL, S.G.P.S., S.A. - Public Company -**, and that the management and corporate governance reports faithfully portray the evolution of the businesses, of the performance and of the financial position of the company and contain a description of the main risks and uncertainties that it is faced with.

Estoril, 23 April 2012

The Audit Board

Chairman - *Mário Pereira Pinto*

Director – *António José Alves da Silva*

Director – *Manuel Martins Lourenço*

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TEL. 21 321 95 30 FAX. 21 321 95 39
E-mail: geral@lampreiavicoso.com
Site: www.lampreiavicoso.com

LEGAL CERTIFICATION OF ACCOUNTS
AND
AUDIT REPORT
(Consolidated accounts)

INTRODUCTION

1. Within the terms of the applicable legislation, we hereby present the Legal Certification of the Accounts and Audit Report on the consolidated financial information contained in the Management Report and in the Corporate Governance Report and the attached consolidated financial statements of the year ended on 31 December 2011, of **ESTORIL SOL, S.G.P.S, S.A. – Public Company -**, which include: the Consolidated Statement of the Financial Position on 31 December 2011 (which shows a total of 256,353,898 Euros and total equity of 77,397,037 Euros, including a negative consolidated net result of 8,308,827 Euros), the Consolidated Income Statement, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement of the year ended on that date and the corresponding Notes.

RESPONSIBILITIES

2. The Board of Directors of **Estoril Sol, SPGS, SA - Public Company** - is responsible for:

   a) Preparing consolidated financial statements that present a true and fair view of the financial position of the group of companies included in the consolidation, the consolidated result of their operations, the consolidated changes in equity and their consolidated cash flow;
   b) Providing historical financial information which should be prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and that it is complete, correct, current, clear, objective and lawful as required by the Securities and Exchange Commission's Code;
   c) Adopting appropriate accounting policies and criteria;
   d) Maintaining an appropriate system of internal control, and
   e) Informing on any relevant facts that may have influenced the activity of the group of companies included in the consolidation, their financial position or their results.

3. Our responsibility is to examine the financial information contained in the financial statements mentioned above, including a verification that, for materially relevant aspect, it is complete, correct, current, clear, objective and lawful, as required by the Portuguese Securities Market Code, and to express a professional and independent report based on our audit.

SCOPE

4. We conducted our audit in accordance with the Technical Standards and Auditing Directives of the Portuguese Institute of Statutory Auditors, which require that an audit be planned and carried out in such a way as to give reasonable assurance that the consolidated financial statements are free from material misstatement. The audit thus includes:

   a) a verification that the financial statements of the companies included in the consolidation have been appropriately audited and, for the significant cases that were not, a verification, on a test basis, of the evidence of the amounts and disclosures contained therein and an evaluation of the estimates, based on judgements and criteria defined by the Board of Directors used in their preparation;
   b) a verification of the consolidation operations and the application of the equity pick-up method;
   c) an examination of the adoption of adequate accounting procedures and their disclosure, taking the circumstances into account;
   d) verification of the applicability of the principle of continuity;

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e) an assessment of whether, in global terms, the presentation of the consolidated financial statements is adequate; and
f) an assessment of whether the consolidated financial information is complete, correct, objective and lawful;

5. Our audit also covered the verification of the consistency of the consolidated financial information in the Management Report and in the Corporate Governance Reports with the other statutory annual documentation, as well as the checks allowed for in numbers 4 and 5 of article 451 of the Commercial Companies Code.

6. We believe that the audit that we performed provides an acceptable basis for us to express our opinion.

OPINION

7. In our opinion, the consolidated financial statements, referred to in point 1 above, present a true and fair view, in all material respects, of the consolidated financial position of **ESTORIL SOL, S.G.P.S., S.A. – Public Company -** and its subsidiaries on 31 December 2011, the consolidated result of its operations, the consolidated changes in equity and the consolidated cash flows in the year ended on that date, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and the information contained therein is, within the terms of the definitions included in the Directives mentioned in point 4 above is complete, correct, current, clear, objective and lawful.

REPORTING ON OTHER LEGAL REQUIREMENTS

8. It is also our opinion that the information included in the Management Report is in agreement with the financial statements of the year and the Corporate Governance Report includes the elements required within the terms of article 245 - A of the Securities and Exchange Commission's Code.

EMPHASES

Notwithstanding the opinion expressed in paragraph 7, we would like to draw your attention to the following situations:

9. Some companies of the group, included in the consolidation perimeter, are covered by the situation contemplated in article 35 of the Commercial Companies Code, as their equity is less than 50% of the share capital.

10. As mentioned in points 2.16 and 27 of the Notes to the Consolidated Financial Statements, there are liabilities, in the consolidating company, with pensions for retired and acting directors, which are fully covered by the provisions constituted based on an actuarial study carried out by an independent entity.

11. The company, following the impairment study carried out by an independent entity on the subsidiaries operating gaming concessions, recognised an impairment loss on the goodwill generated upon the acquisition, in 1997, of the share capital of "Varzim Sol – Turismo, Jogo e Animação, SA, as stated in point 7 of the Management Report and in Note 16 of the Notes to the Consolidated Financial Statements.

Lisbon, 20 April 2012

Lampreia & Viçoso, SROC
Registered in the CMVM no. 7873
represented by
Donato João Lourenço Viçoso (ROC no. 334)

REPORT AND OPINION OF THE AUDIT BOARD
(Consolidated accounts)

To the Shareholders,

Pursuant to the applicable legal provisions, it is our duty to submit to your appreciation the Report and Opinion of the Audit Board on the Management Report and on the Corporate Governance Report and other consolidated financial statements, presented by the Board of Directors of **ESTORIL SOL, S.G.P.S., S.A. - Public Company -** in relation to the year ended on 31 December 2011.

1- REPORT

1.1- We examined the operations conducted by the consolidating company and monitored the operations of the Group of companies headed by the said consolidating company, both directly and via explanations collected from Management and services. The Audit board also performed those checks deemed necessary, under the circumstances.

1.2- The Audit board performed the tests and checks it is entrusted with and that it deemed necessary in the circumstances. It monitored the procedures for controlling risks and the implemented internal control system. It also supervised the process of preparation and disclosure of the financial information.

1.3- The management and corporate governance reports describe the policies followed, the economic and financial operations, the conditioning factors involved relating to the year under evaluation, and the future prospects in the current economic climate.

1.4- The consolidated accounts, comprising the Consolidated Balance Sheet, the Income Statement, the Statement of Changes in Equity, the Cash Flow Statement and respective notes, are all in agreement with the accounting records and with the accounting policies and practices of the International Financial Reporting Standards (IFRS) as adopted in the European Union.

1.5- In compliance with the legal provisions, the Board verified the independence of the Statutory Auditors noting their professionalism and technical capacity, and supervised, with appropriate frequency, their activity, through meetings and observing the checks carried out by them.

1.6- We have evaluated the Legal Certification of Accounts and Audit Report – Consolidated Accounts – prepared by the Statutory Auditors, which warranted our agreement.

2 - OPINION

In view of the above, we have evaluated the management and corporate governance reports and the consolidated financial statements of **ESTORIL SOL, S.G.P.S., S.A. - Public Company -**, for 2011, as well as the proposal for the application of consolidated profits, and it is our opinion that these are in a position to be discussed and voted on in a General Meeting.

3 – DECLARATION OF RESPONSIBILITY

The Audit Board, pursuant to and for the purposes of the provisions under line c) of no.1 of article 245 of the Portuguese Securities Code, declares that, to the best of its knowledge, the information appearing in the consolidated financial statements was prepared in conformity with the International Financial Reporting Standards (IFRS) as adopted in the European Union, showing a true and appropriate image of the financial position, the operating result, the changes in equity and the cash flow of **ESTORIL SOL, S.G.P.S., S.A. - Public Company -**, and that the management and corporate governance reports faithfully shows the progress of the business, the performance and financial position of the company, and contains a description of the main risks and uncertainties they are faced with.

Estoril, 23 April 2012

The Audit Board

Chairman - *Mário Pereira Pinto*

Director – *António José Alves da Silva*

Director – *Manuel Martins Lourenço*

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