

IBERSOL – SGPS, SA

Publicly Listed Company

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

Share Capital: Euro 20.000.000

Commercial Registry : Oporto under the number 501669477

Fiscal Number: 501 669 477

Individual Annual Report 2011

(Proposal point 1 of General Annual Meeting)

MANAGEMENT REPORT

In compliance with legal and statutory obligations, we present to the Shareholders the Management Report and Accounts of IBERSOL - SGPS, SA for the financial year 2011.

1- ECONOMIC ENVIRONMENT

The year 2011 was marked by the financial assistance requested by the Portuguese State to the European Union and the International Monetary Fund, which led to the formalization of a Program for Economic and Financial Assistance (PAEF).

The evolution of GDP over the year 2011 reflects an overall decrease in domestic demand (- 5.2%), partially offset by significant growth in exports (7.3%), and the economy contracted 1.5% according to the latest data published by the INE.

The measures associated at the fiscal consolidation budget and the expected slowdown in world economic growth, estimating a reduction in GDP of 3.1%.

The conditions of origin involve an internal contraction of private consumption (- 6.0%) by the combined effect of the sharp reduction in the disposable income of families, the IRS increased by reducing the deductions to the collection and the increase in indirect taxes, including the reclassification of many products and services to VAT, which are of low and intermediate rates for the maximum rate.

On the other hand, it is estimated that exports continue to grow at a rate near 4% and remained as the only positive component of aggregate demand. Restrictions on credit by the banks should keep the movement in the direction of higher spreads associated with the remuneration of the financing obtained by companies.

2 – ACTIVITY

The evolution of the activity of Ibersol SGPS is associated with the strategic development of its subsidiaries, whose turnover decreased 8.5 %.

Ibersol SGPS focused its activities in providing services of administration and management to the Group, mainly the management of the funds to financing the business.

Financial planning, the adequacy of financial resources of the subsidiaries, the management of the financial costs of the Group and a strict management of the treasury were a major vector of our activity.

3 – ECONOMIC AND FINANCIAL SITUATION

The most important events occurred during the period, regarding the results and changes in financial structure of the company are as follows:

3.1 EARNINGS

Operating income was at the level of 2010 and amounted to 166,000 euros, with:

- a) turnover relating to the services rendered to the subsidiary Ibersol Restauração, SA, which manages the services shared by the different brands, were equal to the last year;
- b) operating costs reached 444 thousand euros, similar the previous year .

After allocation of gains accrued to subsidiaries, operating income amounted to EUR 5.5 million, reflecting a reduction of 61.6% when compared to 2010.

Due to the rise in interest rates the financial income from the interests in the Group increased by approximately 165 thousand euros. The upward trend of "spreads" throughout the year 2011 meant an increase in borrowing costs. Moreover, in addition, the company has a contract "grouped" Commercial Paper Program of medium and long term whose commissions are assumed Ibersol SGPS. Thus, interest and other financial costs increased by 267 thousand euros.

In the year the company recognized the impairment of goodwill at stake in Restmon (Portugal) Lda, amounting to 436 thousand euros.

The net profit in the year stood at 5,69 milhões de euros, a decrease of 61,1% when compared with 2010.

3.2 BALANCE

On December 31/12/2011, assets amounted to 203.2 million euros and there was an increase in the year of 1.7 million. The most relevant contributions to the variation were:

- a) Change in valuation of investments by application the MEP in the amount of 4.0 million euros
- b) Reduced loans to subsidiaries amounting to 6.1 million euros
- c) Increase in cash (bank deposits) 4.0 million euros.

The Net debt of 3.2 million euros, corresponding to the issuance of commercial paper (5.5 million) and a loan of MLP (1.7 million) less than 4 million euros in applications.

On 31 of December 2011, Equity stands at 142.0 million euros, representing an increase of 5.5 million euros, reflecting a strong financial health.

Moreover, also the year the company received dividends from its subsidiaries amounting to EUR 1.8 million and distributed to its shareholders about 1 million euros.

4 - GOVERNANCE

Practices on Corporate Governance prepared in compliance with the provisions of article 245 - A of the Securities Code and pursuant to CMVM Regulation No. 1/2010, are included in the Report on Corporate Governance annexed consolidated report.

5 – OWN SHARES

During the year the company did not own shares transactions.

At the end of 2011, the company held 2,000,000 shares (10% of capital), with nominal value of € 1 each for a total value of the acquisition of 11,179,643 euros.

6 - OUTLOOK

In an difficult context for the country and for the industry in which we operate, we are aware that the consumer market will be strongly recessive in 2012. We will continue to support the strategy growth of a very selective growth in the Iberian market. We will focus our development in other markets particularly Angola.

7 – RESULTS APPROPRIATION PROPOSAL

In the financial year of 2011 declared a profit in the individual accounts of 5,689,679.00 euros.

In accordance with legal and statutory the Board of Directors proposes the following application:

Non distributable Reserves 4,250,848.00 € (MEP application)

Free Reserves 338,831.00 €

Dividends 1,100,000.00 €

that equals to attribute a gross dividend per share of 0.055€. In the case the company holds own shares, the mentioned attribution of 0.055€ per share in circulation will stand, being the global amount of the attributed dividends reduced.

8 – FINAL NOTES

The first vote of this Board is directed to all employees of the Group, for the dedication and enthusiasm they showed was essential for achieving the goals we have identified.

We are grateful to our suppliers of goods and services the support and we note with appreciation the assistance provided by banks and other financial institutions with whom the Group has worked throughout the year.

To The Fiscal Council and Auditors our gratitude for the assiduous collaboration and capacity for dialogue that expressed in the monitoring and review of management.

Porto , 16 March 2012

THE BOARD OF DIRECTORS

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero

STATEMENT OF THE BOARD OF DIRECTORS

Within the terms of paragraph c) of article 245 of the Portuguese Securities Code, the members of the Board of Directors, identified below, declare that to the best of their knowledge:

- i) the information contained in the management report, the annual accounts and all other accounting documentation required by law or regulation, was produced in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial position and the results of Ibersol , SGPS, S.A. .
- ii) the Management report is a faithful statement of the evolution of the businesses, of the performance and of the position of Ibersol , SGPS, S.A. and contains a description of the main risks and uncertainties which they face.

António Carlos Vaz Pinto Sousa	Presidente do Conselho de Administração
António Alberto Guerra Leal Teixeira	Vice-Presidente do Conselho de Administração
Juan Carlos Vázquez-Dodero	Vogal do Conselho de Administração

Ibersol – SGPS, SA

Individual Financial Statements

31 December 2011

Individual financial statements index

Balance sheet.....	9
Income statement.....	10
Changes in equity statement	11
Changes in equity statement	12
Cash flows statement	13
Financial statements annex	14
1 INTRODUCTION.....	14
2 FINANCIAL STATEMENTS ACCOUNTING STANDARDS	14
3 MAIN ACCOUNTING POLICIES.....	15
4 CASH FLOWS	20
5 TANGIBLE FIXED ASSETS.....	20
6 FINANCIAL INVESTMENTS – EQUITY METHOD	20
7 FINANCIAL INVESTMENTS – OTHER METHODS.....	24
8 OTHER FINANCIAL ASSETS.....	24
9 STATE AND OTHER PUBLIC ENTITIES	25
10 DEFERRALS.....	25
11 CAPITAL	25
12 OWN SHARES.....	25
13 RESERVES	26
14 GROUP SUBSIDIARIES	26
15 LOANS	27
16 OTHER CURRENT LIABILITIES	28
17 SALES AND RENDERED SERVICES	28
18 EXTERNAL SUPPLIES AND SERVICES	29
19 PERSONNEL COSTS	29
20 OTHER INCOME AND GAINS	29
21 OTHER EXPENSES AND LOSSES	29
22 FINANCIAL COSTS AND INCOME	29
23 INCOME TAX	30
24 CONTINGENCIES	31
25 REMUNERATION ASSIGNED TO SOCIAL BOARD	31
26 RELATED PARTIES.....	31
27 INCOME PER SHARE.....	34
28 SUBSEQUENT EVENTS	34

Balance sheet

		SNC	
		2011	2010
ASSETS			
Non-current Asset			
Tangible fixed assets	3.2 e 5	-	-
Financial investments - equity method	3.1 e 6	162.244.901	158.189.610
Financial investments - other methods	3.1 e 7	264.000	264.000
Group subsidiaries	14	34.495.960	40.632.430
Other non-current assets	3.4 e 8	172.085	172.085
Total non-current assets		197.176.946	199.258.125
Current Asset			
State and other public entities	9	144.464	-
Group subsidiaries	14	1.808.763	2.188.725
Other debtors		13.432	14.231
Deferrals	10	38.428	48.350
Cash and cash equivalents	3.5 e 4	4.030.192	35.816
Total current assets		6.035.280	2.287.121
Total Assets		203.212.226	201.545.246
EQUITY AND LIABILITIES			
Share capital	3.6 e 11	20.000.000	20.000.000
Own shares	12	-11.179.643	-11.179.643
Share prize		469.937	469.937
Legal reserves	13	4.000.001	4.000.001
Other reserves	13	68.813.888	66.335.416
Adjustments in financial assets	6	54.208.543	42.314.893
Revaluation surpluses		12.110	12.110
Net profit in the year		5.689.679	14.563.885
Total Equity		142.014.515	136.516.599
LIABILITIES			
Non-current			
Provisions	3.10 e 6	2.490.210	2.394.351
Loans obtained	3.7 e 15	1.116.477	10.704.238
Total non-current liabilities		3.606.688	13.098.589
Current			
Suppliers		12.798	22.751
State and other public entities	9	307.656	144.861
Loans obtained	3.7 e 15	6.095.939	585.733
Other current liabilities	16	97.648	99.733
Deferrals	10	51.076.981	51.076.981
Total current liabilities		57.591.023	51.930.058
Total Liabilities		61.197.711	65.028.648
Total Equity and Liabilities		203.212.226	201.545.246

Income statement

INCOME AND COSTS	Notes	SNC	
		2011	2010
Sales	3.12 e 17	600.000	600.000
Operating income		39	-
Gains/losses accrued to subsidiaries, associates and joint undertakings	6	5.575.771	14.446.236
External supplies and services	18	-76.451	-89.158
Personnel costs	19	-286.371	-285.115
Provisions (increases / decreases)	6	-95.859	-434.511
Impairment of non-depreciable assets/ amortizable (losses / reversals)	6	-178.923	75.119
Other operating income	3.11 e 20	10.083	1.484
Other operating costs	3.11 e 21	-81.418	-66.588
Income before depreciation, financing costs and taxes		5.466.870	14.247.467
Impairment of depreciable assets/ amortizable (losses / reversals)		-	-
Operating income (before financing costs and taxes)		5.466.870	14.247.467
Interest and other financial income obtained	22	929.852	765.164
Interest and other financial costs paid	22	-546.113	-278.509
Pre-tax income		5.850.609	14.734.122
Income tax	3.8 e 23	-160.930	-170.237
Net profit in the year		5.689.679	14.563.885
Earnings per share	27	0,32	0,81

Changes in equity statement

	Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Adjustments in financial assets	Revaluation surpluses	Net Profit	Total	Equity
Balance on 1 January 2010	20.000.000	-11.179.643	469.937	4.000.001	62.316.107	32.436.881	12.110	14.887.320	122.942.714	
Changes in period										
Changes in accounting policies										0
Application of net profit					1.440.775	9.878.012		-11.318.786		0
Realization of revaluation surpluses of tangible and intangible fixed assets										0
Revaluation surpluses of tangible and intangible fixed assets and their variations										0
Deferred taxes adjustments										0
Other changes in equity					2.578.534			-2.578.534		0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4.019.309</u>	<u>9.878.012</u>	<u>0</u>	<u>-13.897.320</u>		<u>0</u>
Net profit in the year								<u>14.563.885</u>		<u>14.563.885</u>
Total income								<u>14.563.885</u>		<u>14.563.885</u>
Transactions with capital owners in the period										
Capital increases										0
Share prizes increases										0
Dividends paid								-990.000		-990.000
Losses coverage										0
Other transactions										0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-990.000</u>		<u>-990.000</u>
Balance on 31 December 2010	<u>20.000.000</u>	<u>-11.179.643</u>	<u>469.937</u>	<u>4.000.001</u>	<u>66.335.416</u>	<u>42.314.893</u>	<u>12.110</u>	<u>14.563.885</u>		<u>136.516.599</u>

Changes in equity statement

	Share Capital	Own shares	Share prize	Legal Reserves	Other reserves	Adjustments in financial assets	Revaluation surpluses	Net Profit	Total	Equity
Balance on 1 January 2011	20.000.000	-11.179.643	469.937	4.000.001	66.335.416	42.314.893	12.110	14.563.885	136.516.599	
Changes in period										
Changes in accounting policies										0
Application of net profit					992.377	12.581.508		-13.573.885		0
Realization of revaluation surpluses of tangible and intangible fixed assets										0
Revaluation surpluses of tangible and intangible fixed assets and their variations										0
Deferred taxes adjustments										0
Change % non-controlling interest IBR Imobiliária						845.281				845.281
Other changes in equity					1.486.094	-1.533.139				-47.045
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2.478.471</u>	<u>11.893.650</u>	<u>0</u>	<u>-13.573.885</u>	<u>798.236</u>	
Net profit in the year								<u>5.689.679</u>	<u>5.689.679</u>	
Total income								<u>5.689.679</u>	<u>6.487.915</u>	
Transactions with capital owners in the period										
Capital increases										0
Share prizes increases										0
Dividends paid								-990.000	-990.000	0
Losses coverage										0
Other transactions										0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-990.000</u>	<u>-990.000</u>	
Balance on 31 December 2011	<u>20.000.000</u>	<u>-11.179.643</u>	<u>469.937</u>	<u>4.000.001</u>	<u>68.813.887</u>	<u>54.208.543</u>	<u>12.110</u>	<u>5.689.680</u>	<u>142.014.515</u>	

Cash flows statement

		31st December	
	Notes	2011	2010
Cash Flows from Operating Activities			
Receipts from clients		600.000	600.000
Payments to suppliers		24.189	-6.925
Staff payments		231.767	298.617
Operational cash flows		344.044	308.308
Payments/receipt of income tax		168.893	152.577
Other paym./receipts related with operating activities		-105.535	5.757
Flows from Operating Activities (1)		69.616	161.488
Cash Flows from Investment Activities			
Payments for:			
Tangible assets			
Intangible assets			
Financial Investments		1.894.831	6.755.720
Other assets			
Receipts from:			
Tangible assets			
Intangible assets			
Financial investments		8.355.000	3.681.570
Other assets			
Investment benefits			
Interest received		1.309.814	765.164
Dividends received		1.816.094	3.080.179
Flows from Investment Activities (2)		9.586.077	771.193
Cash flows from financing activities			
Receipts from:			
Loans obtained			1.000.000
Capital and other equity instruments increases			
Losses coverage			
Donations			
Other financing activities			
Payments for:			
Loans obtained		4.077.553	610.637
Interest and similar costs		593.764	329.967
Dividends paid		990.000	990.000
Capital reductions and supplementary entries			
Other financing activities			
Flows from financing activities (3)		-5.661.317	-930.604
Change in cash & cash equivalents (1)+(2)+(3)		3.994.376	2.077
Cash & cash equivalents at the start of the period		35.816	33.739
Cash & cash equivalents at end of the period	3.5 e 4	4.030.192	35.816

Financial statements annex

1 Introduction

Ibersol – SGPS, SA (“Company” or “Ibersol”) has its head Office at Edifício Península – Praça do Bom Sucesso, 105/159 – 9º - 4150-146 Porto, Portugal. Ibersol was set up on 30 December 1985 with management of shareholdings main activity.

Ibersol is owned by 49,99% by IES – Indústria, Engenharia e Serviços, SGPS, S.A., with its head office at Edifício Península – Praça do Bom Sucesso, 105/159 – 9º - 4150-146 Porto.

These financial statements were approved by the Board of Directors on 16th March 2012. The Board of directors believes that these financial statements reflect the true and proper Ibersol operations, as well as its position and financial performance and cash flows.

2 Financial statements accounting standards

2.1. Basis of preparation

These financial statements were prepared in accordance with the Accounting Standardisation System (SNC), as applied in Portugal, issued and in force on 31 December 2011. And accordingly with the principle of historical cost, except, when applicable, in the fair value adjustments effected under previous legislation (POC).

In the process of determining the accounting policies adopted by Ibersol the preparation of financial statements in accordance with the SNC requires the use of estimates, assumptions and critical judgements, with significant impact on the accounting value of assets and liabilities, as well as income and expenses of the reporting period.

Although these estimates are based on best experience of the Board of Directors and their best expectations in relation to current and future events and actions, present and future profit may differ from these estimates. In Note 3 of these financial statements we have the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant.

2.2. Derogation from SNC standards

In these financial statements, there hasn't been any exception involving directly the derogation of any SNC standard. However the individual accounts have been prepared in accordance with the POC until 31 December 2009 and according to the SNC standards from that date forward, for the purpose of determine the adjustments resulting from the application of the equity method, Ibersol used as a reference the consolidated accounts prepared in accordance with IFRS, on the understanding that these represent a more true and fair view of the subsidiaries financial position and equity. Nevertheless in these individual financial statements equity until 31 December 2011 is different from the consolidated accounts as follows:

	<u>2011</u>
Equity SNC	142.014.515
Group's consolidated equity	<u>110.395.215</u>
Diference	<u>31.619.300</u>

This difference stems from:

- i) deferred benefit correction corresponding to the value in between group transaction recorded in previous years (39.087.546 euros);
- ii) Goodwill amortisation from January 2004 until 31 December 2008 in the annual accounts prepared according to POC (7.468.740 euros).

2.3. Comparability of Financial statements

The elements contained in these financial statements are all comparable with the previous year.

3 Main accounting policies

The main accounting policies applied in preparing these financial statements are described below. Unless stated these policies have been consistently applied to all years presented.

3.1. Financial investments

Subsidiaries are all entities in which Ibersol directly or indirectly has the power to control their financial and operational activities, which is usually associated with holding more than half of the voting rights. The existence and the effect of potential voting rights are considered in the evaluation of the control over a subsidiary.

Associates are entities over which the company has between 20% and 50% of the voting rights or on which the company has significant influence, but which cannot exercise its control.

Investments in subsidiaries and associates are presented by the amount resulting from application of the equity method. According to this method, the financial statements include the company's share in total recognised gains and losses from the date on which control or significant influence begins until the date on which actually ends. Gains or losses on transactions between the Group and its subsidiaries and associated companies are eliminated. The dividends allocated by subsidiaries and associates are considered investment reductions.

The excess of the cost of acquisition over the fair value of the portion of the company in the identifiable assets acquired is recorded as goodwill, which, less accumulated impairment losses, is considered the value entered as the company's investment in subsidiaries and associates. If the acquisition cost is less than the fair value of net assets acquired subsidiary or associated with, the difference is recognised directly in the income statement.

When the share of losses of a subsidiary or associated exceeds their investment and if the company has incurred in obligations or made payments on behalf of the subsidiary or associated Ibersol recognizes additional losses in the future.

When necessary the accounting policies of subsidiaries and associates are changed, to ensure that they are consistently within all group companies.

The entities that qualify as subsidiaries and associates are listed in note 6.

Ibersol, SGPS, S.A. prepares consolidated accounts.

3.2. Tangible fixed assets

Tangible fixed assets are shown at the acquisition cost, net of the respective amortisation and accumulated impairment losses. This includes estimated cost at the date of transition to NCRF, and acquisition costs to assets acquired after that date

The historic cost includes all expenses attributable directly to the acquisition of goods.

Subsequent costs are added to the amounts for which the good is recorded or recognised as separate assets, as appropriate, only when it is probable that the company will obtain the underlying economic benefits and the cost may be reliably measured.

Other expenses on repairs and maintenance are recognised as an expense in the period in which they are incurred.

The estimated lifetime for the most significant tangible fixed assets are as follows:

	<u>Years</u>
Land and buildings	Between 10 and 20 years
Equipment	Between 4 and 20 years
Other tangible assets	Between 5 and 10 years

Depreciation of assets is calculated by the equal annual amounts method, accordingly with accounting policies in force (DR nº 25/2009 14 September). Depreciation of tangible fixed assets begins when they are available for use.

The estimated lifetime of assets are reviewed each year, in which the depreciation is evaluated with the standards of use of assets. Changes to the estimated lifetime are treated as a change in accounting estimate and are applied prospectively.

As vidas úteis dos activos são revistas em cada ano de relato financeiro, para que as depreciações praticadas estejam em conformidade com os padrões de consumo dos activos. Alterações às vidas úteis são tratadas como uma alteração de estimativa contabilística e são aplicadas prospectivamente.

Impairment tests are carried out whenever there is evidence of loss of value to estimate the recoverable amount of the asset, and when necessary to record an impairment loss. The recoverable amount is determined as the higher of net selling price and value in use of the asset, the latter being calculated based on the present value of estimated future cash flows from continuing use and disposal of the asset at the end of its useful life

Gains and losses consequent to a reduction or sale are determined by the difference between receipts from the sale and the asset's accounted value, and are recognised in the profit and loss account.

3.3. Impairment of assets

Assets with a specific lifetime are not subject to amortisation and are, instead, subject to annual impairment tests. Ibersol performs impairment test in December of each year and whenever there are events or alterations in the circumstances causing their accounting value not to be recoverable.

Ibersol identifies an impairment loss and determines whether the loss is permanent or not whenever the recoverable amount is less than the carrying value of assets. In cases where the loss is not considered permanent and definitive, Ibersol makes the disclosure of the reasons for this conclusion.

The recoverable amount is the highest amount between an asset's fair value minus the costs necessary for its sale and its utilisation value. Assets are grouped at the lowest level at which it may be able to separately identify cash flows (units generating cash flows), to perform impairment tests.

At each reporting date, non-financial assets with impairment, other than goodwill, are assessed on the possible reversal of impairment losses.

Amortisation and depreciation of assets are recalculated prospectively in accordance with the recoverable value when there is an impairment reversal.

3.4. Financial assets

The Board of Directors determines the classification of financial assets at initial recognition date according to the NCRF 27 – financial instruments.

Financial assets can be measured as:

- (a) at cost or amortised cost less impairment losses; or
- (b) at fair value with changes in fair value recognized in the income statement.

Financial assets are classified and measured at cost or amortised cost: i) that have sight deadlines or defined maturity; ii) whose return is of fixed amount, interest rate fixed or variable rate fixed to a reference

rate; and iii) who do not have any contractual clause which may result in loss of face value and interest accrued.

Interest earned to recognize in each period is determined according to the effective interest rate method, which corresponds to the rate that discounts estimated future cash receipts during the expected life of the financial instrument, for assets recorded at amortized cost.

Financial assets which represent loans, accounts receivable (customers, other debtors, etc.) and equity instruments and associated derivatives contracts, and which are not traded in active market or whose fair value cannot be reliably determined, are recorded at cost or amortised cost.

The Ibersol classifies and measures the fair value of financial assets that do not comply with the conditions to be measured at cost or amortised cost, as described above. Derivative contracts and financial assets held for trading are recorded at fair value of financial assets which represent equity instruments quoted on active market. Changes in fair value are recorded in the income statement, except for financial derivatives that qualify as coverage of cash flows.

At each reporting date Ibersol evaluates indicators of loss of value for financial assets that are not measured at fair value through earnings. If there is objective evidence of impairment, Ibersol recognises an impairment loss in the income statement.

Financial assets are derecognised when the rights to receive cash flows generated by these investments expire or are transferred, as well as all risks and benefits associated with possession.

3.5. Cash and cash equivalents

Cash and cash equivalents include cash amounts, bank deposits, other short term investments with high liquidity and initial maturities of up to 3 months and bank overdrafts. Bank overdrafts are presented in the balance sheet, in current liabilities, in the Obtained Loans item, and are considered in the the cash flow statement as cash and cash equivalents.

3.6. Share capital

When effected ordinary shares are classified in equity. Incremental costs directly attributable to the emission of new shares or options are presented in equity as a deduction, net of taxes, of entries.

3.7. Loans obtained

Loans obtained are initially recognised at the fair value, including incurred transaction costs. Medium and long term loans are subsequently presented at cost minus any amortisation; any difference between receipts (net of transaction costs) and the amortised value is recognised in the profit and loss account during the loan period, using the effective rate method.

Loans obtained are classified in current liabilities, except when Ibersol is entitled to an unconditional right to defer the liquidation of the liability for at least 12 months after the balance sheet date.

3.8. Income tax

Income tax for the period comprises current and deferred taxes. Income taxes are recorded in the income statement, except when they relate to items recognised directly in equity. The value of current tax payable is determined based on the result before taxes, adjusted in accordance with the tax rules in force.

Deferred taxes are recognised overall, using the liability method and calculated based on the temporary differences arising from the difference between the taxable base of assets and liabilities and their values in the financial statements.

Deferred taxes are determined by the tax (and legal) rates decreed or substantially decreed on the date of the balance sheet and that can be expected to be applicable in the period of the deferred tax asset or in the liquidation of the deferred tax liability.

Deferred tax assets are recognised insofar as it will be probable that future taxable income will be available for using the respective temporary difference. Deferred tax liabilities are recognised for all temporary differences, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of an asset or liability in a transaction that is not a corporate concentration or that, on the transaction date, does not affect the accounting result or the tax result. However, in respect of taxable temporary differences related to investments in subsidiaries, these are not recognised because: i) the parent company has the ability to control the amount of the reversal of the temporary difference; and ii) it is probable that the temporary difference will not be reverse in the near future.

3.9. Personnel benefits

The employee performance premiums are recorded in the year to which they relate, regardless of the year in which the payment occurs.

3.10. Provisions

Provisions for costs of restructuring activities, paid contracts and legal claims are recognised when: i) Ibersol has a legal or constructive obligation due to past events; ii) it is probable that a outflow of resources will be necessary to liquidate the obligation; e iii) the obligation amount may be reliably estimated. Whenever one of the criteria is not met or the existence of the obligation is subject to the occurrence (or not) of a certain future event, Ibersol discloses a contingent liability, unless the enforceability for payment is considered remote.

Provisions are measured at the present value of estimated expenditures to settle the obligation using a pre-tax rate that reflects market assessment for the period of discount and to the risk of that provision.

3.11. Costs and income

In accordance with the principle of accrual accounting expenses and income are recorded in the period to which they relate, regardless of their payment or receipt. The differences between the amounts received and paid and the corresponding revenues and expenses are recognised as assets or liabilities

3.12. Revenue

Revenue comprises the fair value of the sale of rendering of services from Ibersol's activities, net of taxes and discounts and after eliminating internal sales.

Rendering of services is recognised in the accounting period in which the services are rendered, in accordance with the percentage of completion or based on the period of the contract when the service is not associated with the implementation of specific activities, but to provide continuous service.

3.13. Important accounting estimates and judgments

Estimates and judgements are continuously evaluated and are based on past experience and on other factors, including expectations regarding future events that are believed to be reasonably probable within the respective circumstances.

Due to its nature accounting based on estimates rarely corresponds to the real reported results. Estimates and premises that present a significant risk of leading to a material adjustment in the accounting value of the assets and liabilities in the following year are described below:

Important accounting estimates

3.13.1 Provisions

The company determines periodically if any obligations arising from past events should be merit recognition or disclosure.

The determination if an amount of internal resources is required for the payment of obligations is very subjective and could lead to significant adjustments, either by variation of the assumptions used, either by the future recognition of provisions previously disclosed as contingent liabilities.

3.13.2 Impairment

The determination of a potential impairment loss can be triggered by the occurrence of various events, which are outside the sphere of Ibersol influence, such as: the future availability of funding, the cost of capital, as well as for any other changes, either internal or external.

It is expected from the Board of Directors a high degree of judgement as regards the identification of indicators of impairment, the estimate of future cash flows and the determination of fair value of assets entail and evaluation of different indicators of impairment, expected cash flows, discount rates applicable, useful lives and residual values.

3.13.3 Taxes

The company recognizes liabilities for additional settlements of taxes which may result from inspections made by the tax authorities. When the final result of tax inspections is different from the values initially recorded, differences will impact the income tax and deferred taxes, in the period in which such differences are identified.

3.14. Financial risk management

The group's activities are exposed to a number of financial risk factors: market risk (including interest rate risk), credit risk, liquidity risk and capital risk. Ibersol maintains the risk management program that focuses its analysis on financial markets to minimise the potential adverse effects of those risks on the Ibersol's financial performance.

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

3.14.1 Market risk

Interest rate risk

In recent years Ibersol has not taken into account the possibility of hedging the risk of interest rate variations. Therefore, all of the remunerated debt bears interests at a variable interest rate. Loans issued with variable rates expose the group to the cash flow risk associated to interest rates. Ibersol's interest rate risk stems from its liabilities, in particular from long-term loans. The company has no significant risk of interest rate, since loans obtained are significant less than loans granted.

3.14.2 Credit risk

Ibersol's credit risk stems from its liabilities, in particular from loans to subsidiaries. The credit risk is assured by the company's financial Direction, taking into account the historic trading relationship, its financial situation, as well as other information that may be obtained through the network business of IBERSOL. If necessary, the credit limits established are regularly reviewed and revised. Credit risk is reduced.

3.14.3 Liquidity risk

Liquidity risk management implies maintaining a sufficient amount of cash and bank deposits, the feasibility of consolidating the floating debt through a suitable amount of credit facilities and the capacity to liquidate market positions. Treasury needs are managed based on the annual plan that is reviewed

every quarter and adjusted daily. Related with the dynamics of the underlying business operations, the group's treasury strives to maintain the floating debt flexible by maintaining credit lines available.

3.14.4 Capital risk

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

On 31 December 2011 and 2010 the gearing ratio was, respectively, of 2% and of 8%, as follows:

	Dec-11	Dec-10
Loans	7.212.417	11.289.971
Cash and cash equivalents	4.030.192	35.816
Net indebtedness	3.182.225	11.254.155
Equity	142.014.515	136.516.599
Total capital	145.196.740	147.770.754
Gearing ratio	2%	8%

4 Cash flows

On 31 December 2011 and 2010, cash and cash equivalents are broken as follows:

	2011	2010
Bank deposits	4.030.192	35.816
Cash and cash equivalents (asset)	4.030.192	35.816

5 Tangible fixed assets

In the year ending on 31 December 2011 and 2010, there has been no movement in tangible fixed assets and no depreciations was carried out, because the assets were fully reinstated.

	Land and buildings	Equipment	Other tang. Assets	Total
31 December 2011				
Cost	29.828	219.074	18.289	267.191
Accumulated depreciation	29.828	219.074	18.289	267.191
Accumulated impairment	-	-	-	-
Net amount	-	-	-	-

6 Financial investments – equity method

6.1 Goodwill

The table bellow summarises the Goodwill broken down into segments:

	Goodwill	
	2011	2010
Portugal	8.786.491	8.786.491
Spain	27.845.512	27.845.512
Angola	130.714	-
	<u>36.762.717</u>	<u>36.632.003</u>
Accumulated impairment	-630.528	-127.907
	<u>36.132.189</u>	<u>36.504.096</u>

In the year ending on 31 December 2011 and 2010, the changes occurred in the value of goodwill were as follows:

	2011	2010
Initial net amount	36.632.003	36.082.958
Additions (1)	130.714	549.045
Decreases	-	-
Other variations	-	-
Final net amount	<u>36.762.717</u>	<u>36.632.003</u>

(1) In 2010, the increase in goodwill arises from the acquisition of subsidiary Solinca (by QRM), and in 2011, due to the acquisition of HCI-Imobiliária, S.A. by subsidiary Ibersol Angola, S.A..

The main assumptions used in Impairment tests in goodwill are detailed as follow:

Growth rate in perpetuity	
Portugal	3,00% (1% real + 2% inflação)
Spain	3,00% (1% real + 2% inflação)
Discount rate for the perpetuity	
Portugal	7,40%
Spain	5,90%
Discount rate for the period (5 years)	
Portugal	9,30%
Spain	7,50%

The presented pre-tax discount rate was calculated on the bases of WACC (Weighted Average Cost of Capital) methodology, considering the following parameters:

	Perpetuity		5 Years Period	
	Portugal	Spain	Portugal	Spain
Interest rate risk-free	3,00%	3,00%	3,00%	3,00%
Country risk premium	1,00%	0,50%	3,60%	1,75%
Risk premium on equity	6,00%	5,00%	6,00%	6,00%
Beta	0,9	0,9	0,9	0,9
Cost of debt	4,00%	4,00%	5,00%	5,25%
Tax Rate	26,50%	30,00%	26,50%	30,00%
Own capital / interest bearing debt	70%/30%	60%/40%	70%/30%	60%/40%

From the impairment tests performed, there was recognised impairment of Goodwill in subsidiary Maestro with the amount of 66.667 euros, and in subsidiary Restmon in the amount of 435.954 euros. The

accumulated impairment at the end of the year is 630.528 euros (in which 194.574 are from subsidiary Maestro and 435.954 from Restmon).

6.2 Financial investments

The details on financial investments on 31 December 2011 and 2010 are as follows:

	2011			2010		
	Acquisition value	Equity adjustment	Balance sheet value	Acquisition value	Equity adjustment	Balance sheet value
Subsidiaries						
Ibersol Restauração, S.A.	847.986	7.666.581	8.514.567	847.986	7.187.427	8.035.413
Iberusa-Hotelaria e Restauração, S.A.	158.119	1.258.907	1.417.026	158.119	1.332.563	1.490.682
Asurebi SGPS, S.A.	98.490.866	14.812.683	113.303.549	98.490.866	10.888.089	109.378.955
Ibersol Madeira Restauração, S.A.	50.000	1.274.276	1.324.276	50.000	1.189.805	1.239.805
Restmon Portugal, Lda	499.448	-499.448	-	499.448	-499.448	-
Eggon - SGPS, S.A.	645.000	907.575	1.552.575	645.000	894.939	1.539.939
Ibergourmet-Prod.Alimentares, S.A.	57.020	-57.020	-	57.020	-57.020	-
Ibersol Angola, S.A.	720	-	720	720	-	720
	<u>100.749.158</u>	<u>25.363.554</u>	<u>126.112.713</u>	<u>100.749.158</u>	<u>20.936.355</u>	<u>121.685.514</u>

In the year ending on 31 December 2011 and 2010, investments in subsidiaries were as follows:

	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Asurebi SGPS, S.A.	Eggon - SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alime n., S.A.	Ibersol Angola, S.A	Total
1st January 2010	6.646.224	344.522	1.264.187	101.277.961	1.334.888	-	-	-	110.867.781
Acquisition	-55.014	-	-	-494.031	-	-	-	720	-548.325
Gains/losses	1.703.353	895.283	226.495	11.398.000	223.105	-	-	-	14.446.236
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other movement in Equity	-	-	-	-	-	-	-	-	-
Dividends received	-259.150	-	-	-2.802.975	-18.054	-	-	-	-3.080.179
31st December 2010	<u>8.035.413</u>	<u>1.239.805</u>	<u>1.490.682</u>	<u>109.378.955</u>	<u>1.539.939</u>	<u>-</u>	<u>-</u>	<u>720</u>	<u>121.685.514</u>

	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Asurebi SGPS, S.A.	Eggon - SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alime n., S.A.	Ibersol Angola, S.A	Total
1st January 2011	8.035.413	1.239.805	1.490.682	109.378.955	1.539.939	-	-	720	121.685.514
Acquisition	-13.098	-	-	-117.616	-	-	-	-	-130.714
Gains/losses	822.252	584.471	-73.656	4.230.068	12.636	-	-	-	5.575.771
Fair value adjustments	-	-	-	-	-	-	-	-	0
Other movement in Equity	-	-	-	798.236	-	-	-	-	798.236
Dividends received	-330.000	-500.000	-	-986.094	-	-	-	-	-1.816.094
31st December 2011	<u>8.514.567</u>	<u>1.324.276</u>	<u>1.417.026</u>	<u>113.303.549</u>	<u>1.552.575</u>	<u>-</u>	<u>-</u>	<u>720</u>	<u>126.112.713</u>

Assets and liabilities on 31 December 2011, and gain and losses earned in 2011, as recognised in the separate financial statements of subsidiaries are as follows:

	2011						
	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Asurebi SGPS, S.A.	Eggon SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.
Equity	1.134.064	854.545	2.712.120	141.638.174	34.374.082	-2.098.242	891.745
Total income	339.341	572.332	-1.390.351	3.503.696	587.563	-104.502	300.995
% Investment	100,00%	100,00%	5,00%	89,98%	2,11%	61,00%	100,00%
Acquisition value	847.986	50.000	158.119	98.490.866	645.000	499.448	57.020

	2010							
	Ibersol Rest., S.A.	Ibersol Madeira Rest., S.A.	Iberusa Hotelaria e Rest., S.A.	Asurebi SGPS, S.A.	Eggon SGPS, S.A.	Restmon Portugal, Lda	Ibergourmet-Prod.Alimen., S.A.	Ibersol Angola, S.A.
Equity	1.124.723	832.213	4.109.317	147.656.891	33.805.441	-1.993.740	590.750	342.936
Total income	527.747	773.338	2.878.127	9.689.082	808.031	-434.134	134.363	-932
% Investment	100,00%	100,00%	5,00%	89,98%	2,11%	61,00%	100,00%	0,20%
Acquisition value	847.986	50.000	158.119	98.490.866	645.000	499.448	57.020	720

The financial information used for applying the equity method matches adjusted equity of subsidiary companies, as included in the consolidated accounts of the group Ibersol (IFRS) from December 31, 2011.

6.3 Adjustments in financial assets

This account reflects the adjustments to the equity method.

In the year ending 2011 and 2010 financial assets movements are broken down as follows:

	2011	2010
Initial amount	42.314.893	32.436.881
Additions (1)	13.379.744	9.878.012
Decreases (2)	1.486.094	-
Final amount	54.208.543	42.314.893

- (1) additions in 2011 and 2010 result mainly from the application of the year's earnings.
(2) decreases result from dividends received in the year.

The balance of heading adjustments in financial assets is not distributed to shareholders.

6.4 Provisions

In the year ending 2011 and 2010 provisions movements are broken down as follows:

	Legal proceedings		Losses in subsidiaries	
	2011	2010	2011	2010
Initial amount	5.257	5.257	2.389.094	1.954.583
Additions (1)	-	-	95.859	434.511
Decreases	-	-	-	-
Final amount	5.257	5.257	2.484.953	2.389.094

- (1) additions in 2011 and 2010 result from the subsidiary Restmon adjusted earnings.

6.5 Previous year restatement

In the year 2011 restatement of values was made in the following items of the 2010 Balance Sheet and Income Statement:

		Balance		
	Notes	2010 Restated	2010	Diference
Non-current Asset				
Financial investments - equity method	3.1 e 6	121.685.514	119.503.980	2.181.534 (3)-(2)+(1)
Group subsidiaries	14	40.632.430	41.434.496	-802.066 (1)
Equity				
Adjustments in financial assets	6	42.314.893	43.271.894	-957.001 (2)
Net profit in the year		14.563.885	14.616.510	-52.625 (2)
Non-current liabilities				
Provisions	3.10 e 6	2.394.351	5.257	2.389.094 (3)

- (1) impairment of supplementary capital contribution of the subsidiary Ibergourmet;
(2) adjustment of non-controlling interest of the subsidiary IBR – Imobiliária, S.A.;
(3) provision of financial asset in the subsidiary Restmon.

In order to be properly allocated by investee a more comprehensive analysis of the 2010 equity method adjustment was made, in 2011, which resulted in adjustments (1) and (3). In turn, the adjustment (2) relates to non-controlling interests in subsidiary IBR Imobiliária, S.A. adjusted to reflect adequately the minority interest held by the subsidiary Ibersande in net assets of IBR Imobiliária, S.A., through its 2010 49% of share.

	Notes	Income and Costs		
		2010 Restated	2010	Diference
Gains/losses accrued to subsidiaries, associates and joint undertakings	6	14.446.236	14.221.213	225.023 (1)
Provisions (increases / decreases)	6	-434.511	-	-434.511 (2)
Impairment of non-depreciable assets/ amortizable (losses / reversals)	6	75.119	-	75.119 (3)
Impairment of depreciable assets/ amortizable (losses / reversals)		-	-81.744	81.744 (4)

- (1) adjustment of the 2010 adjusted earnings in subsidiary IBR Imobiliária (-52.625) and restatement to provisions and impairment of non-depreciable assets from gains/losses allocated to subsidiaries Restmon (-434.511) and Ibergourmet (156.863);
(2) restatement from gains / losses allocated to subsidiary Restmon (-434.511);
(3) reclassification from impairment of depreciable assets (-81.744) and from gains / losses charged to Ibergourmet (156.863);
(4) restatement to heading impairment of non-depreciable assets.

7 Financial investments – other methods

On 31 December 2011, the assets recognized under this heading relate to capital shares, as follows:

	% own	2011	2010
Change Partners I, SGPS, S.A.	3,08%	264.000	264.000
Total		264.000	264.000

The primary business of Change Partners I, SGPS, S.A., is management of shareholdings. This investment is valued at cost because it is not possible to determine reliably the fair value.

8 Other financial assets

On 31 December 2011, balances recognised under this heading relate to an advance payment for purchase of investments in Rock and Bowl of 172.085.

9 State and other public entities

On 31 December 2011 and 2010, state and other public entities are broken as follows:

	2011		2010	
	Debit balance	Credit balance	Debit balance	Credit balance
Income tax - IRC	144.464	160.930	-	10.500
Income tax - IRS	-	5.821	-	5.687
Value added tax - VAT	-	132.937	-	120.707
Social security contributions	-	7.967	-	7.968
Other taxes	-	-	-	-
	144.464	307.656	-	144.861

For the periods presented the debit balance of IRC has the following breakdown:

	2011	2010
Payments on account	144.462	159.738
IRC withholding	2	-
Income tax - IRC (Note 23)	-160.930	-170.237
Total	-16.466	-10.500

10 Deferrals

On 31 December 2011 the Ibersol has recorded under the heading of deferrals, the following balances:

	2011	2010
Insurance	2.651	3.154
Rents	3.353	3.353
Financial committees	32.425	41.843
Deferred costs	38.428	48.350

Deferred costs are related to prepayments of contracted services that haven't yet been received.

	2011	2010
Other income (1)	51.076.981	51.076.981
Deferred income	51.076.981	51.076.981

(1) This item relates a value generated from the sale of a financial investment within the group, in 1999, which will be recognized only at the time of its sale to an external entity.

11 Capital

On 31 December 2011, fully subscribed and paid up share capital was represented by 20.000.000 shares to the bearer with a par value of 1 euro each.

12 Own shares

In the year 2011 Ibersol did not acquired nor sold any own shares. The shares are subordinated to the policy stipulated for own shares which specifies that the respective voting rights are suspended whilst the shares are held by the company, although Ibersol may sell these shares.

At the end of the year the company held 2.000.000 own shares acquired for 11.179.644 euros.

13 Reserves

On December 2011 and 2010, reserves were broken down as follows:

13.1 Legal reserves

	Legal reserves	
	2011	2010
1 January	4.000.001	4.000.001
Increase	-	-
Use	-	-
31 December	4.000.001	4.000.001

The legal reserve is fully constituted under the law (20% of the share capital). This reserve can only be used to cover losses or increase Capital.

13.2 Other reserves

	Other reserves		Own shares reserves		Other reserves - equity method	
	2011	2010	2011	2010	2011	2010
1 January	12.988.047	12.048.918	11.179.643	11.179.643	42.167.725	39.087.546
Increase	992.768	4.019.308	-	-	1.816.094	3.080.179
Use	330.390	3.080.179	-	-	-	-
31 December	13.650.425	12.988.047	11.179.643	11.179.643	43.983.819	42.167.725

The company non-available reserves reached 59.163.463 euros and refer to mandatory reserves (4.000.001 euros), own shares reserves, reserves referring to own shares held by Ibersol (11.179.644 euros), and other reserves, concerning the application of equity method (43.983.819 euros).

14 Group subsidiaries

14.1 Non-current assets

On 31 December 2011, balances recognised under this heading relate to loans granted to subsidiaries of Ibersol and subsidiaries supplementary capital contributions. These loans with repayment periods exceeding 1 year accrues interest at a fixed rate based on Euribor 12 m + 1.25% and changed as variation of CEB reference rate. Subsidiaries supplementary capital contributions are not paid, nor do they have defined repayment.

	2011							
	Iberusa	Ibersol Restauração	Asurebi SGPS	Restmon	Eggon	Ibersol Madeira	Ibergourmet	Ibersol Angola
Non-current								
Loans granted								
Subsidiaries	9.319.500	10.510.996	8.965.000	1.276.000	-	-	-	-
Supplementary capital contributions								
Subsidiaries	2.000.000	-	-	-	1.875.000	-	1.025.000	2.831
Loans granted and supplementary capital contributions	11.319.500	10.510.996	8.965.000	1.276.000	1.875.000	0	1.025.000	2.831
Accumulated impairment losses	-	-	-	-	-	-	478.368	-
Non-current total	11.319.500	10.510.996	8.965.000	1.276.000	1.875.000	0	546.632	2.831

	2010						
	Iberusa	Ibersol Restauração	Asurebi SGPS	Restmon	Eggon	Ibersol Madeira	Ibergourmet
Non-current							
Loans granted							
Subsidiaries	12.228.500	10.510.996	12.965.000	780.000	-	-	-
Supplementary capital contributions							
Subsidiaries	2.000.000	-	-	-	1.875.000	50.000	1.025.000
Loans granted and supplementary capital contributions	14.228.500	10.510.996	12.965.000	780.000	1.875.000	50.000	1.025.000
Accumulated impairment losses	-	-	-	-	-	-	802.066
Non-current total	14.228.500	10.510.996	12.965.000	780.000	1.875.000	50.000	222.934
							40.632.430

Movements under this heading are as follows:

	2011	2010
Initial amount	41.434.496	38.360.996
Additions	1.894.831	6.755.000
Decreases	8.355.000	3.681.500
Final amount	34.974.327	41.434.496

In the year ending on 31 December 2011 and 2010, the changes occurred in the impairment losses were as follows:

	2011	2010
Initial amount	802.066	958.929
Additions	-	-
Decreases (1)	323.698	156.863
Final amount	478.368	802.066

(1) decreases in 2011 and 2010 result from the subsidiary Ibergourmet adjusted earnings.

14.2 Current assets

Movements in the short term subsidiaries debts are as follows:

	2011	2010
Ibersol Restauração	1.000.703	1.512.926
Iberusa	320.319	246.687
Restmon	171.814	151.822
Asurebi	315.927	277.290
	1.808.763	2.188.725

These values concern interest debt.

15 Loans

On 31 December 2011 and 2010, the detail of loans for the period (current and non-current) and by type of loan, is as follows:

	2011			2010		
	Current	Non-Current	Total	Current	Non-Current	Total
Commercial paper	5.500.000	-	5.500.000	-	9.000.000	9.000.000
Bank loans	595.939	1.116.477	1.712.417	585.733	1.704.238	2.289.971
	6.095.939	1.116.477	7.212.417	585.733	10.704.238	11.289.971

For the subscribed commercial paper programmes Ibersol considers the maturity date as the renewal date, regardless of its initial started periods. At the end of the year Ibersol had 5.500.000 euros of issued commercial paper programmes, from an 10.000.000 euros subscribed programmes, with Janeiro 2012 renewal date.

Credit lines with maturity up to 1 year are renewed automatically annually or semi-annually. Lines of credit with maturity after 1 year have no set limit

The maturities of non-current loans are broken down as follows:

	<u>2011</u>	<u>2010</u>
from 1 to 2 years	-	9.604.067
from 2 to 5 years	1.116.477	1.100.171
> 5 years	-	-
	<u>1.116.477</u>	<u>10.704.238</u>

On 31 December 2011, the future cash flows (undiscounted) associated with loans are broken down as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Loans	6.095.939	626.410	490.067
Interest	74.830	44.359	12.338

In 2011, the average cost of loans was 3,4% (2,2% in 2010).

16 Other current liabilities

On 31 December 2011, the detail of other current liabilities is as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Current</u>	<u>Total</u>	<u>Current</u>	<u>Total</u>
Other creditors				
Creditors	8.641	8.641	8.868	8.868
Accrued costs				
Payable remunerations	25.466	25.466	25.466	25.466
Premiums	47.208	47.208	50.403	50.403
Payable interest	13.630	13.630	12.426	12.426
Fee	-	-	369	369
Other	2.703	2.703	2.200	2.200
Total accounts payable to creditors and accrued costs	<u>97.648</u>	<u>97.648</u>	<u>99.733</u>	<u>99.733</u>

17 Sales and rendered services

The amount of sales and services recognized in the income statement, is detailed as follows:

	<u>2011</u>	<u>2010</u>
Rendered services - internal market	600.000	600.000
Rendered services - external market	-	-
Sub-total	<u>600.000</u>	<u>600.000</u>
Sales and rendered services	<u>600.000</u>	<u>600.000</u>

18 External supplies and services

External services and supplies in the year ending on 31 December 2011 and 2010 are broken down as follows:

	2011	2010
Specialised works	73.228	87.172
Other	3.223	1.986
External supplies and services	76.451	89.158

19 Personnel costs

Personnel cost in the year ending on 31 December 2011 and 2010 are broken down as follows:

	2011	2010
Salaries and wages		
Board of directors	28.692	27.398
Employees	160.028	162.452
	188.720	189.850
Social costs		
Premiums	44.014	51.584
Social security contributions	48.429	37.728
Other personnel costs	5.209	5.952
Sub-total	97.651	95.265
Personnel costs	286.371	285.115

The average number of employees in 2011 was 3 (2010:3)

20 Other income and gains

Heading other income and gains may be presented as follows:

	2011	2010
Other income and gains		
Financial investments income	-	-
Exchange rate differences	33	
Others	10.050	1.484
	10.083	1.484

21 Other expenses and losses

The detail of other operating costs is presented in the following table:

	2010	2010
Other expenses and losses		
Taxes	5.761	16.804
Insufficient tax estimate	13.929	900
Banking services	61.727	48.858
Others	-	26
	81.418	66.588

22 Financial costs and income

Financial costs and income in the year ending on 31 December 2011 and 2010 are broken down as follows:

	2011	2010
Financial costs		
Interest on bank loans	17.244	28.987
Commercial paper interest	375.330	155.066
Interest on delay payments	82	123
Other interest	946	583
Commercial paper commissions	139.638	90.382
Others	12.872	3.367
	546.113	278.509
	2011	2010
Financial income		
Interest on bank loans	11	579
Interest subsidiaries debt	929.841	764.585
	929.852	765.164

23 Income tax

Tax amount recognised in the financial statements of the year 2011 and 2010 is as follows:

	2011	2010
Current taxes	160.930	170.237
Deferred taxes	-	-
Income tax	160.930	170.237
	2011	2010
<u>Current tax for the year</u>		
Tax base	139.346	160.513
Special (autonomous) tax	13.130	-
Pours	8.454	9.725
	160.930	170.237

Tax amount for the year reconciliation is as follows:

	2011	2010
Pre-tax profit	5.850.609	14.786.747
Tax calculated at the applicable tax rate in Portugal Portugal (26,5%)	1.550.411	3.918.488
Non-deductible costs	3.713	271
Equity method application effect	-1.404.762	-3.746.959
Tax rate of 12,5% effect	-1.563	-1.563
Special (autonomous) tax	13.130	-
Income tax expenses	160.930	170.237
Imposto s/ rendimento corrente	160.930	170.237
Imposto s/ rendimento diferido	-	-
Imposto s/ rendimento	160.930	170.237

To determine the amount of tax in the financial statements the tax rate is chosen as follows:

	2011	2010
Tax base rate	25,00%	25,00%
Pours	1,50%	1,50%
	26,50%	26,50%

In accordance with the legislation in force, tax declarations of Ibersol are subject to review and can be corrected by the tax authorities for a period of four years in general terms, so that the declarations of 2008 to 2011 are still open.

Ibersol board of directors understands that the corrections resulting from reviews or inspections by the tax authorities will not have a significant effect on the financial statements presented on 31 December 2011.

24 Contingencies

Bail of 28.342 euros for the rental of a commercial shop of 231m2 took by the subsidiary Ibersol Restauração, S.A..

Documentary credit with stand-by letter in amount of 9.759.000 euro for loan guarantees and responsibilities associated with Santander Central Hispano-Madrid bank and subsidiary Lurca, made in July 2006.

25 Remuneration assigned to social board

The compensation granted to social board is related to fees for the annual review of the company's accounts, as follows:

	2011	2010
Auditors	32.000	32.000
Fiscal board	26.358	26.358
General Assembly	2.335	2.335
Board of Directors (1)	6.000	6.000
	66.693	66.693

(1) remuneration of non-Executive Director.

Remuneration and benefits assigned to directors:

The company shareholder ATPS-S.G.P.S., S.A., which signed a service-rendering contract with the subsidiary Ibersol Restauração, SA for 2011, in the amount of 756.034 euros (737.594 euros in 2010), provided services of administration and management to the group. ATPS-S.G.P.S., S.A. under contract with Ibersol Restauração, S.A. has the obligation to ensure that its administrators, António Carlos Vaz Pinto de Sousa and Antonio Alberto Guerra Leal Teixeira, exercise their positions without incur in any additional charge. The company does not pay directly to its administrators any remuneration. Since ATPS-S.G.P.S. S.A. is owned equally by administrators António Carlos Vaz Pinto de Sousa and Antonio Alberto Guerra Leal Teixeira, the importance of 756.034 euros in the year 2011 (737.594 euros in 2010), will match each of administrators the value of 378.017 euros (368.797 euros in 2010).

26 Related parties

On 31 December 2011, Ibersol is controlled by ATPS, SGPS, S.A. that holds a direct participation of 3.93% and indirectly of 49.99%, through its subsidiary IES – Indústria, Engenharia e Serviços, SGPS, S.A..

26.1. Transactions with related parties

(a) Nature of relationship with related parties:

Shareholders:

ATPS – SGPS, S.A.
IES – Indústria, Engenharia e Serviços, SGPS, S.A.

Subsidiaries of Ibersol, SGPS:

Ibersande Restauração, S.A.
Iberusa – Hotelaria e Restauração, S.A.
Ibersol Madeira e Açores Restauração, S.A.
Ibersol Restauração, S.A.
Iberking Restauração, S.A.
Iberaki Restauração, S.A.
Restmon Portugal, Lda.
Ibersol – Hotelaria e Turismo, S.A.
Vidisco, S.L.
Inverpeninsular, S.L.
Ibergourmet Produtos Alimentares, S.A.
Ferro & Ferro, Lda.
Asurebi SGPS, S.A.
Charlotte Develops, S.L.
Firmoven Restauração, S.A.
I.B.R. - Sociedade Imobiliária, S.A.
Eggon SGPS, S.A.
Anatir SGPS, S.A.
Lurca, S.A.
Q.R.M. – Projectos Turísticos, S.A.
Sugestões e Opções – Actividades Turísticas, S.A.
Restoh – Restauração e Catering – S.A.
Resboavista – Restauração Internacional, Lda.
José Silva Carvalho Catering, S.A.
Iberusa Central de Compras para Restauração, ACE
Vidisco e Pasta Caffè, Union Temporal de Empresas
Maestro – Serviços de Gestão Hoteleira, S.A.
Solinca – Eventos e Catering, S.A.
Ibersol – Angola, S.A.
HCI – Imobiliária, S.A.

Joint undertakings with Ibersol, SGPS:

UQ Consult, S.A.

(b) Transactions and outstanding balances with related parties:

i) Shareholders:

The company has not carried out transactions with shareholders for the year 2011.

ii) Subsidiaries:

In the year ending on 31 December 2011 and 2010 Ibersol carried out transactions with subsidiaries as follows:

Sales and rendered services

	2011	2010
Sales and rendered services		
Ibersol Restauração	600.000	600.000
	<u>600.000</u>	<u>600.000</u>

Financial income

	2011	2010
Financial income		
Asurebi	315.927	263.851
Ibersol Restauração	262.703	236.497
Iberusa	320.319	246.687
Restmon	30.892	17.550
	<u>929.841</u>	<u>764.585</u>

Purchase of products and services

	2011	2010
Purchase of products and services		
Ibersol Restauração	11.661	11.793
	<u>11.661</u>	<u>11.793</u>

Debit and credit balances

In the year ending on 31 December 2011 and 2010, the balances resulting from transactions with related parties are as follows:

	2011	2010
Debit balances		
Asurebi	315.927	277.290
Ibersol Restauração	1.002.093	1.512.926
Iberusa	320.319	246.687
Restmon	171.814	151.822
	<u>1.810.153</u>	<u>2.188.725</u>
Loans		
Subsidiaries (Note 14)	30.071.496	36.484.496
	<u>30.071.496</u>	<u>36.484.496</u>
Credit balances		
Ibersol Restauração	-	4.893
	<u>-</u>	<u>4.893</u>

27 Income per share

Income per share in the year ending on 31 December 2011 and 2010 was calculated as follows

	<u>Dec-11</u>	<u>Dec-10</u>
Profit payable to shareholders	<u>5.689.679</u>	<u>14.563.885</u>
Mean weighted number of ordinary shares issued	20.000.000	20.000.000
Mean weighted number of own shares	-2.000.000	-2.000.000
	<u>18.000.000</u>	<u>18.000.000</u>
Basic earnings per share (€ per share)	<u>0,32</u>	<u>0,81</u>
Number of own shares at the end of the year	<u>2.000.000</u>	<u>2.000.000</u>

28 Subsequent events

There were no subsequent events as of 31 December 2011 that may have a material impact on these financial statements.

The Board of Directors,

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero



Report of the Auditors for Statutory and Stock Exchange Regulatory Purposes in respect of the Individual Financial Information **(Free translation from the original version in Portuguese)**

Introduction

1 As required by law, we present the Report of the Statutory Auditors for Stock Exchange Regulatory Purposes in respect of the Financial Information included in the Directors' Report and the financial statements of **Ibersol, S.G.P.S., S.A.**, comprising the balance sheet as at 31 December 2011, (which shows total assets of Euros 203,212,226 and a total of shareholder's equity of Euros 142,014,515, including a net profit of Euros 5,689,679), the statements of income by nature, the statements of changes in equity and the cash flow statement for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare financial statements which present fairly, in all material respects, the financial position of the company, the results of its operations, the changes in equity and cash flows; (ii) to prepare the historic financial information in accordance with generally accepted accounting principles in Portugal while also meeting the principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an adequate system of internal control; and (v) the disclosure of any relevant matters which have influenced the activity and the financial position or results of the company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, particularly as to whether it is complete, truthful, accurate, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of expressing an independent and professional opinion on that financial information, based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations approved by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Accordingly, our audit included: (i) verification, on a test basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Management used in the preparation of the financial statements; (ii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
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Tel +351 225 433 000 Fax +351 225 433 499, www.pwc.com/pt
Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000

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5 Our audit also covered the verification that the financial information included in the Director's report is in agreement with the financial statements, as well as the verification set forth in paragraph 4 and 5 of Article 451 of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of **Ibersol, S.G.P.S., S.A.** as at 31 December 2011, the results of its operations, the changes in equity and its cash flows for the year then ended in accordance with generally accepted accounting principles in Portugal and duly comply with principles of completeness, truthfulness, accuracy, clarity, objectivity and lawfulness.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is in agreement with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245-A of the Portuguese Securities Code.

20 March 2012

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

Hermínio António Paulos Afonso, R.O.C.

Relatório e Parecer do Conselho Fiscal da Ibersol SGPS, SA

Aos Senhores Accionistas,

Nos termos das normas legais e estatutárias aplicáveis e do mandato que lhe foi conferido, o Conselho Fiscal emite o presente Relatório e Parecer sobre a sua acção fiscalizadora desenvolvida no exercício social de 2011, bem como sobre o Relatório de Gestão e Demonstrações Financeiras individuais e consolidadas da sociedade, apresentadas pelo Conselho de Administração e relativas ao exercício findo a 31 de Dezembro de 2011.

Actividade Fiscalizadora

O Conselho Fiscal, no exercício da sua competência e com a extensão julgada adequada, acompanhou a actividade da sociedade e das suas participadas.

No decurso do exercício foram realizadas reuniões trimestrais, sempre com a presença de todos os seus membros, onde foram analisadas as matérias sujeitas à sua competência.

Nas reuniões do Conselho Fiscal estiveram presentes, o revisor de contas e auditor externo, Pricewaterhouse Coopers & Associados, os quais propuseram ao Conselho Fiscal, e deste obtiveram a anuência, quanto ao plano da sua actividade fiscalizadora, incluindo a destinada a: apurar a eficácia do sistema de gestão de risco, do controlo interno e da auditoria interna, a qualidade do processo de preparação e divulgação da informação financeira e respectivas políticas contabilísticas e critérios valorimétricos, a regularidade dos livros e registos contabilísticos e respectivos documentos de suporte, a verificação de bens e valores pertencentes à sociedade. Ao longo do exercício, o Revisor Oficial de Contas e Auditor Externo prestaram ao Conselho Fiscal informações detalhadas sobre as acções desenvolvidas e os resultados apurados.

O Conselho Fiscal reuniu trimestralmente com o Conselho de Administração, de quem recebeu informação sobre a evolução da atividade social e esclarecimentos que lhe permitiram apreciar o conteúdo da informação financeira elaborada por aquele órgão de gestão em momento anterior à sua divulgação

O Conselho Fiscal não deparou com quaisquer constrangimentos ao exercício da sua atividade e competências.

Não foi participada ao Conselho Fiscal a ocorrência ou a denúncia de qualquer irregularidade por parte de accionistas, colaboradores da sociedade ou outros.

O Conselho Fiscal exerceu as suas competências em matéria de supervisão da actividade e independência do auditor externo e do revisor oficial de contas tendo a percepção que foram observadas as práticas recomendadas.

Ao auditor externo foram contratados serviços adicionais aos da auditoria, correspondendo o seu valor mais relevante, para além da consultadoria fiscal, os relativos ao apoio à conversão para o novo sistema de normalização contabilística. Nesta matéria, o Conselho Fiscal tinha, no exercício anterior, aprovado a contratação destes serviços e o prolongamento da sua duração para o exercício a que se reporta o presente Relatório e Parecer. A prestação dos serviços adicionais efectuados pelo auditor externo não atingiram o limiar de trinta de por cento do valor total dos serviços prestados. A contratação foi realizada em condições de mercado, não afectou a sua independência e teve em vista, no essencial, garantir a eficácia, celeridade e segurança na transição de sistemas.

O Conselho Fiscal apreciou o Relatório de Gestão, individual e consolidado, e as demonstrações financeiras, individuais e consolidadas, e respectivos anexos, incluindo o Relatório de Governo da Sociedade, relativos ao exercício de 2011, apresentados pelo Conselho de Administração bem como a Certificação Legal de Contas e respectivo Parecer emitidos pelo Revisor Oficial de Contas, tendo

igualmente analisado o Relatório de Auditoria apresentado pela Pricewaterhouse Coopers & Associados.

O Conselho Fiscal apreciou o Relatório de Governo da Sociedade do ponto de vista do disposto no Artº 254º-A do Código de Valores Mobiliários.

Parecer

Face à análise realizada, é parecer do Conselho Fiscal que:

- os Relatórios, e as Demonstrações Financeiras, individuais e consolidados, relativas ao exercício social de 2011, permitem uma compreensão da evolução dos negócios e da situação financeira da sociedade e das sociedades incluídas no seu perímetro de consolidação e dos respectivos resultados, tendo sido elaborados de acordo com as normas legais aplicáveis;

- a proposta de aplicação de resultados respeita a lei e os estatutos;

- o Relatório de Governo da Sociedade, anexo ao Relatório de Gestão e Contas consolidadas, cumpre o estabelecido no Artº 245-A do Código de Valores Mobiliários,

pelo que estão reunidas as condições para a respectiva aprovação pela Assembleia Geral.

Declaração

Nos termos previstos na al.c) do nº1 do artº 245º do Código de Valores Mobiliários informamos que, tanto quanto é do nosso conhecimento, a informação constante das demonstrações financeiras individuais e consolidadas foi elaborada em conformidade com as normas contabilísticas aplicáveis, dando uma imagem verdadeira e apropriada do activo e do passivo, da situação financeira e dos resultados da Ibersol SGPS, SA e das empresas incluídas no perímetro de consolidação e que o relatório de gestão expõe fielmente a evolução dos negócios, do desempenho e da posição da sociedade e das

empresas incluídas no perímetro de consolidação e contém uma descrição dos principais riscos e incertezas com que se defrontam.

Porto 21 de Março de 2012

O Conselho Fiscal,

Qualified Shareholdings

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

Shareholders	nº Shares	% share capital
ATPSII - SGPS, S.A. (*)		
ATPS-SGPS, SA	786.432	3,93%
I.E.S.-Indústria, Engenharia e Serviços, SGPS,S.A.	9.998.000	49,99%
António Alberto Guerra Leal Teixeira	1.400	0,01%
António Carlos Vaz Pinto Sousa	1.400	0,01%
Total attribubutable	10.787.232	53,94%
Banco BPI, S.A.		
Fundo Pensões Banco BPI	400.000	2,00%
Kabouter Management LLC		
Kabouter Fund II	390.000	1,95%
Talon International	32.000	0,16%
Total attribubutable	422.000	2,11%
Bestinver Gestion		
BESTINVER BOLSA, F.I.	971.735	4,86%
BESTINFOND F.I.	906.958	4,53%
BESTINVER GLOBAL, FP	243.760	1,22%
BESTVALUE F.I.	242.340	1,21%
SOIXA SICAV	171.763	0,86%
BESTINVER MIXTO, F.I.M.	158.191	0,79%
BESTINVER AHORRO, F.P.	137.598	0,69%
DIVALSA DE INVERSIONES SICAV, SA	7.303	0,04%
BESTINVER EMPLEO FP	6.188	0,03%
LINKER INVERSIONES, SICAV, SA	4.571	
BESTINVER EMPLEO II, F.P.	370	0,00%
Total attribubutable	2.850.777	14,25%
The Goldman Sachs Group, Inc		
Directamente	21.285	0,11%
Goldman,, Sachs &Co	402.000	2,01%
Total attribubutable	423.285	2,12%
Norges Bank		
Directly	887.114	4,44%
FMR LLC		
Fidelity Managemment & Research Company	400.000	2,00%

(*) company held by the Board Directors António Pinto de Sousa and Alberto Teixeira, 50% each

Corporate Governing Bodies Information

Complying with article 447º Companies Code

Board of Directors	Data	Buy	Sale	Shares at 31.12.2011
António Alberto Guerra Leal Teixeira				
ATPS II- S.G.P.S., SA (1)				3.384.000
ATPS- S.G.P.S., SA (2)	28-12-2011		2.836	0
Ibersol SGPS, SA				1.400
António Carlos Vaz Pinto Sousa				
ATPS II- S.G.P.S., SA (1)				5.000
ATPS- S.G.P.S., SA (2)	28-12-2011		2.836	0
Ibersol SGPS, SA				1.400
	Data	Buy	Sale	SALDO 31.12.2011
(1) ATPS II- S.G.P.S ., SA				
ATPS- S.G.P.S., SA (2)				5.680
	Data	Buy	Sale	SALDO 31.12.2011
(2) ATPS- S.G.P.S ., SA				
Ibersol SGPS, SA				786.432
I.E.S.- Indústria Engenharia e Serviços, SA (3)				2.455.000
(3) I.E.S.- Indústria Engenharia e Serviços, SGPS, SA				
Ibersol SGPS, SA				9.998.000

Complying with article 448º Companies Code

I.E.S.- Indústria Engenharia e Serviços, SGPS, SA

Held 9.998.000 shares of capital of Ibersol SGPS, SA

Transactions made by persons discharging managerial responsibilities

Complying with article 14 nº6 of the CMVM Regulation nº 05/2008

No transactions were reported by persons discharging managerial responsibilities and people closely connected with them during the year of 2011.