

IBERSOL – SGPS, SA

Publicly Listed Company

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

Share Capital: Euro 20.000.000

Fiscal Number: 501 669 477

Individual Annual Report 2013

(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 2013.

1- ECONOMIC ENVIRONMENT

Portuguese GDP fell 1.5% in 2013, contradicting most forecasts, which predicted a slowdown in excess of 2%.

The continued good performance on the external front, especially as regards exports of goods and services, and a slight recovery in domestic private demand are the main factors explaining the less negative behaviour of the Portuguese economy.

After three consecutive years of recession, the available indicators suggest that 2014 will see a return to moderate growth, estimated at 1% of GDP. No substantial improvement is expected in the employment market, although the unemployment rate is expected to decline slightly.

The great unknown, however, will be the sustainability of economic growth, considering the negative impact that implementation of the additional austerity policies envisaged in the 2014 national budget is likely to have on consumption and private investment.

The liquidity constraints in financial markets seem to alleviate and end of the year came the first signs of downward adjustment in spreads in Portugal.

2 – ACTIVITY

The evolution of the activity of Ibersol SGPS is associated with the strategic development of its subsidiaries, whose turnover increased 0.7 %.

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 RESULTS

Operating income reached to 190 thousand 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 increased to a amount of 410 thousand euros, above 38 thousand euros than the previous year .

After allocation of gains accrued to subsidiaries, operating income amounted to EUR 3.5 million, reflecting an increase of 49% when compared to 2012.

Due to the fall in interest reference rates the financial income from the interests in the Group decreased by approximately 106 thousand euros. The rise trend of "spreads" throughout the year 2013 meant an increase in debt cost. 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 remained at same level of 2012.

The net profit in the year stood at 3.52 million euros, an increase of 42% when compared with 2012.

3.2 BALANCE

On 31 December 2013, assets amounted to 201.7 million euros and there was a decrease in the year of 5.1 million. The most relevant contributions to the variation were:

- a) Change in valuation of investments by application the MEP in the amount of 2.6 million euros
- b) Decrease of loans to subsidiaries amounting to 7.6 million euros.

Net Debt of 0.5 million euros, corresponding to a bank loan. On 31 of December 2013, the Company had not issued any debt under the Commercial Paper Program.

On 31 of December 2013, Equity stands at 146.1 million euros, representing an increase of 2.6 million euros, reflecting a strong financial health.

Moreover, also the year the company received dividends from its subsidiaries amounting to EUR 515 thousand and distributed to its shareholders about 1 million euros.

4- RISKS AND UNCERTAINTIES

The risk management is developed with the aim of creating value through the management and control of uncertainties and threats that may affect the Group's companies, a continuum of operations in order to take advantage of business opportunities.

As part of strategic planning are identified and assessed the risks of existing business portfolio as well as developing new projects more relevant and defined strategies to manage those risks.

At the operational level, are identified and assessed risks of each business and planned actions to manage those risks, which are monitored and included in the plans of business and functional units.

- Due to the specifics of the Group's Business areas highlight the following risk:
- Food Quality and Hygiene
 - Workplace Hygiene and Safety
 - Financial
 - Environmental

Uncertainty about the development of the economies of South Europe require the adoption of strict control of costs with monthly monitoring of market developments and the consequent revision of planning resources to use.

Financial risks have no expression at company's accounts, due to the reduced net debt and the foreign currency assets are insignificant.

5 - 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.

6 – OWN SHARES

During the year the company did not own shares transactions.

At the end of 2013, 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.

7 - OUTLOOK

In an difficult recent context for the country and for the industry in which we operate, we are aware that the consumer market may recover but slowly. 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, which began operating in 2012.

8 – RESULTS APPROPRIATION PROPOSAL

In the financial year of 2013 the net profit in the individual accounts is of 3,576,911.00 euros.

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

Non distributable Reserves	2,706,183.00 €
Free Reserves	870.728,00 €

We also propose to pay dividends of 1,100,000 euros that corresponding 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.

9 – 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 , 7 April 2014

THE BOARD OF DIRECTORS

António Alberto Guerra Leal Teixeira

António Carlos Vaz Pinto Sousa

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 Alberto Guerra Leal Teixeira Presidente do Conselho de Administração

António Carlos Vaz Pinto Sousa Vice-Presidente do Conselho de Administração

Juan Carlos Vázquez-Dodero Vogal do Conselho de Administração

Ibersol – SGPS, SA

Individual Financial Statements

31 December 2013

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Balance sheet

	Notes	SNC	
		2013	2012
ASSETS			
Non-current Asset			
Tangible fixed assets	3.2 and 5	-	-
Financial investments - equity method	3.1 and 6	165.623.945	163.020.255
Financial investments - other methods	3.1 and 7	264.000	264.000
Group subsidiaries	13	32.519.707	39.939.705
Other non-current assets		-	-
Total non-current assets		198.407.651	203.223.960
Current Asset			
State and other public entities	8	-	46.668
Group subsidiaries	13	3.137.753	3.371.777
Other debtors		12.045	14.941
Deferrals	9	20.216	49.516
Cash and bank deposits	3.5 and 4	31.784	31.473
Total current assets		3.201.798	3.514.376
Total Assets		201.609.450	206.738.336
EQUITY AND LIABILITIES			
Share capital	3.6 e 10	20.000.000	20.000.000
Own shares	11	-11.179.643	-11.179.643
Share prize		469.937	469.937
Legal reserves	12	4.000.001	4.000.001
Other reserves	12	70.803.474	70.319.912
Adjustments in financial assets	6	58.464.957	57.402.189
Revaluation surpluses		12.110	12.110
Net profit in the year		3.576.911	2.514.018
Total Equity		146.147.748	143.538.524
LIABILITIES			
Non-current			
Provisions	3.10 and 6	2.538.680	2.521.463
Loans obtained	3.7 and 14	-	494.238
Deferrals	9	51.076.981	51.076.981
Total non-current liabilities		53.615.661	54.092.683
Current			
Suppliers		7.268	15.786
State and other public entities	8	512.585	472.451
Shareholders	13	785.131	938.142
Loans obtained	3.7 and 14	494.245	7.625.907
Other current liabilities	15	46.811	54.843
Total current liabilities		1.846.041	9.107.129
Total Liabilities		55.461.702	63.199.812
Total Equity and Liabilities		201.609.450	206.738.336

Income statement

INCOME AND COSTS	Notes	SNC	
		2013	2012
Sales	3.12 and 16	600.000	600.000
Operating income		-	-
Gains/losses accrued to subsidiaries, associates and joint undertakings	6	3.123.044	1.899.222
External supplies and services	17	-84.749	-84.441
Personnel costs	18	-248.060	-214.727
Provisions (increases / decreases)	6	-17.217	-31.253
Impairment of non-depreciable assets/ amortizable (losses / reversals)	6	115.356	229.678
Other operating income	3.11 and 19	935	13.302
Other operating costs	3.11 and 20	-77.039	-72.862
Income before depreciation, financing costs and taxes		3.412.269	2.338.920
Impairment of depreciable assets/ amortizable (losses / reversals)		-	-
Operating income (before financing costs and taxes)		3.412.269	2.338.920
Interest and other financial income obtained	21	610.973	750.932
Interest and other financial costs paid	21	-403.399	-464.317
Pre-tax income		3.619.843	2.625.534
Income tax	3.8 and 22	-42.932	-111.516
Net profit in the year		3.576.911	2.514.018
Earnings per share	26	0,20	0,14

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 2012	20.000.000	-11.179.643	469.937	4.000.001	68.813.887	54.208.543	12.110	5.689.679	142.014.514	
Changes in period										
Changes in accounting policies										0
Application of net profit					448.831	4.250.848		-4.699.679		0
Realization of revaluation surpluses of tangible and intangible fixed assets										0
Revaluation surpluses of tangible and intangible fixed assets and their variations										0
Parque Central Maia addition						-3.309				-3.309
Conversion reserves - Angola						3.301				3.301
Other changes in equity					1.057.194	-1.057.194				0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.506.024</u>	<u>3.193.646</u>	<u>0</u>	<u>-4.699.679</u>		<u>-8</u>
Net profit in the year								2.514.018		<u>2.514.018</u>
Total income								2.514.018		<u>2.517.319</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 2012	<u>20.000.000</u>	<u>-11.179.643</u>	<u>469.937</u>	<u>4.000.001</u>	<u>70.319.912</u>	<u>57.402.189</u>	<u>12.110</u>	<u>2.514.018</u>		<u>143.538.524</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 2013	20.000.000	-11.179.643	469.937	4.000.001	70.319.912	57.402.189	12.110	2.514.018	143.538.524	
Changes in period										
Changes in accounting policies										0
Application of net profit					483.563	1.040.455		-1.524.018		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
Conversion reserves - Angola						22.313				22.313
Other changes in equity										0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>483.563</u>	<u>1.062.768</u>	<u>0</u>	<u>-1.524.018</u>		<u>22.313</u>
Net profit in the year								<u>3.576.911</u>		<u>3.576.911</u>
Total income								<u>3.576.911</u>		<u>3.599.224</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 2013	<u>20.000.000</u>	<u>-11.179.643</u>	<u>469.937</u>	<u>4.000.001</u>	<u>70.803.475</u>	<u>58.464.957</u>	<u>12.110</u>	<u>3.576.911</u>		<u>146.147.748</u>

Cash flows statement

	Notes	31st December	
		2013	2012
Cash Flows from Operating Activities			
Receipts from clients		600.000	600.000
Payments to suppliers		26.891	9.270
Staff payments		205.771	228.248
Operational cash flows		367.338	362.482
Payments/receipt of income tax		-175.365	142.197
Other paym./receipts related with operating activities		-143.586	-127.497
Flows from Operating Activities (1)		399.117	92.788
Cash Flows from Investment Activities			
Payments for:			
Tangible assets			
Intangible assets			
Financial Investments		2.848.001	9.916.401
Other assets			
Receipts from:			
Tangible assets			
Intangible assets			
Financial investments		10.410.022	4.941.085
Other assets			
Investment benefits			
Interest received		610.973	421.372
Dividends received		515.000	1.057.192
Flows from Investment Activities (2)		8.687.994	-3.496.752
Cash flows from financing activities			
Receipts from:			
Loans obtained			4.500.000
Capital and other equity instruments increases			
Losses coverage			
Donations			
Other financing activities			
Payments for:			
Loans obtained		7.625.901	3.592.272
Interest and similar costs		470.899	512.483
Dividends paid		990.000	990.000
Capital reductions and supplementary entries			
Other financing activities			
Flows from financing activities (3)		-9.086.800	-594.755
Change in cash & cash equivalents (1)+(2)+(3)		311	-3.998.719
Cash & cash equivalents at the start of the period		31.473	4.030.192
Cash & cash equivalents at end of the period	3.5 and 4	31.784	31.473

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 07th April 2014. 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 2013. And accordingly with the principle of historical cost, except, when applicable, in the fair value adjustments effected under previous legislation (POC).

In these individual financial statements equity in 31st December 2013 is different from the consolidated accounts (IFRS) as follows:

	<u>2013</u>
Equity SNC	146.147.748
Group's consolidated equity (IFRS)	<u>114.482.935</u>
Diference	<u>31.664.813</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).

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.

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 n° 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 short-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 2013 and 2012 the gearing ratio was, respectively, of 0% and of 5%, as follows:

	<u>Dec-13</u>	<u>Dec-12</u>
Loans	494.245	8.120.145
Cash and bank deposits	<u>-31.784</u>	<u>-31.473</u>
Net indebtedness	462.461	8.088.672
Equity	<u>146.147.748</u>	<u>143.538.524</u>
Total capital	<u>146.610.209</u>	<u>151.627.196</u>
Gearing ratio	0%	5%

4 Cash flows

On 31 December 2013 and 2012, cash and bank deposits are broken as follows:

	<u>2013</u>	<u>2012</u>
Bank deposits	31.784	31.473
Cash and bank deposits	<u>31.784</u>	<u>31.473</u>

"Cash and cash equivalents" for the preparation of the statement of cash flows for the year ended December 31, 2013 is as follows:

	<u>2013</u>	<u>2012</u>
Bank deposits	31.784	31.473
Term deposits	-	-
Other deposits	-	-
	<u>31.784</u>	<u>31.473</u>
Cash and cash equivalents (asset)	<u>31.784</u>	<u>31.473</u>
Cash equivalents (liabilities)	-	-
Cash and cash equivalents on the cash flows statement	<u>31.784</u>	<u>31.473</u>

5 Tangible fixed assets

As the assets are fully reinstated, in the years ending on 31 December 2013 and 2012, there has been no movement in tangible fixed assets and no depreciations were carried out.

	Land and buildings	Basic equipment	Transport equipment	Office equipment	Other tang. Assets	Total
31 December 2013						
Cost	29.828	3.736	-	215.338	18.289	267.191
Accumulated depreciation	29.828	3.736	-	215.338	18.289	267.191
Accumulated impairment	-	-	-	-	-	-
Net amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

6 Financial investments – equity method

	<u>2013</u>	<u>2012</u>
Goodwill (6.1)	35.642.584	35.529.522
Financial investments (6.2)	<u>129.981.360</u>	<u>127.490.732</u>
	<u>165.623.945</u>	<u>163.020.254</u>

6.1 Goodwill

The table below summarises the Goodwill broken down into segments:

	<u>Goodwill</u>	
	<u>2013</u>	<u>2012</u>
Portugal	8.430.220	8.250.491
Spain	27.845.512	27.845.512
Angola	130.714	130.714
	<u>36.406.446</u>	<u>36.226.717</u>
Accumulated impairment	-763.862	-697.195
	<u>35.642.584</u>	<u>35.529.522</u>

In the years ending on 31 December 2013 and 2012, the changes occurred in the value of goodwill were as follows:

	<u>2013</u>	<u>2012</u>
Initial net amount	36.226.717	36.762.717
Additions (1)	179.729	-
Decreases (2)	-	536.000
Other variations	-	-
Final net amount	<u>36.406.446</u>	<u>36.226.717</u>

(1) in 2013, the increase in goodwill arises from the acquisition of subsidiary Gravos 2012, S.A..

(2) in 2012, according to an agreement between the parties on the date of purchase, changes in price of acquisition of subsidiary SEC - Events & Catering, SA (former Solinca), considering EBITDA achieved by the company in 2011, equals to a decrease in goodwill.

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	6,78%
Spain	6,15%
Discount rate for the period (5 years)	
Portugal	8,87%
Spain	7,25%

The presented pre-tax discount rate was calculated on the bases of WACC (Weighted Average Cost of Capital) methodology.

From the impairment tests performed, there was recognised impairment of Goodwill in subsidiary Maestro with the amount of 66.667 euros. The accumulated impairment at the end of the year 2013 is 763.862 euros (in which 327.908 are from subsidiary Maestro and 435.954 from Restmon).

6.2 Financial investments

On 31 December 2013 and 2012, Ibersol's subsidiaries are expressed in the balance sheet by the equity method as follows:

	2013			2012		
	Acquisition value	Equity adjustment	Balance sheet value	Acquisition value	Equity adjustment	Balance sheet value
Subsidiaries						
Ibersol Restauração, S.A.	847.986	8.092.494	8.940.480	847.986	8.048.670	8.896.656
Iberusa-Hotelaria e Restauração, S.A.	158.119	979.490	1.137.609	158.119	1.103.193	1.261.312
Asurebi SGPS, S.A.	98.490.866	18.042.755	116.533.621	98.490.866	16.089.084	114.579.950
Ibersol Madeira Restauração, S.A.	90.000	1.583.335	1.673.335	50.000	1.167.610	1.217.610
Restmon Portugal, Lda	499.448	-499.448	-	499.448	-499.448	-
Eggon - SGPS, S.A.	645.000	883.018	1.528.018	645.000	889.631	1.534.631
Ibergourmet-Prod.Alimentares, S.A.	57.020	109.659	166.679	57.020	-57.020	-
Ibersol Angola, S.A.	720	899	1.619	720	-146	574
	<u>100.789.158</u>	<u>29.192.202</u>	<u>129.981.360</u>	<u>100.749.158</u>	<u>26.741.574</u>	<u>127.490.732</u>

In the year ending on 31 December 2013 and 2012, changes under investments in subsidiaries are presented 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 2013	8.896.656	1.217.610	1.261.312	114.579.950	1.534.631	-	-	574	127.490.733
Acquisition	-	40.000 (1)	-	-	-	-	-	-	40.000
Gains/losses	268.824	705.725	-123.703	2.111.087	-6.613	-	166.679	1.045	3.123.044
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other movement in Equity	-	-	-	-157.416	-	-	-	-	-157.416
Dividends received	-225.000	-290.000	-	-	-	-	-	-	-515.000
31st December 2013	<u>8.940.480</u>	<u>1.673.335</u>	<u>1.137.609</u>	<u>116.533.621</u>	<u>1.528.018</u>	<u>-</u>	<u>-</u>	<u>1.619</u>	<u>129.981.361</u>
1st January 2012	8.514.567	1.324.276	1.417.026	113.303.549	1.552.575	-	-	720	126.112.713
Acquisition	-	-	-	-	-	-	-	-	-
Gains/losses	568.382	293.334	-155.714	1.211.310	-17.944	-	-	-146	1.899.222
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other movement in Equity	53.707	-	-	482.285	-	-	-	-	535.992
Dividends received	-240.000	-400.000	-	-417.194	-	-	-	-	-1.057.194
31st December 2012	<u>8.896.656</u>	<u>1.217.610</u>	<u>1.261.312</u>	<u>114.579.950</u>	<u>1.534.631</u>	<u>-</u>	<u>-</u>	<u>574</u>	<u>127.490.733</u>

(1) subscription of the capital increase of the subsidiary.

Assets and liabilities on 31 December 2013, and gain and losses earned in 2013, as recognised in the separate financial statements of subsidiaries are as follows:

	2013							
	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	1.105.687	1.037.981	40.449.790	145.460.520	24.526.495	-2.164.288	1.672.392	3.513.995
Total income	198.921	452.657	-1.409.141	2.976.175	117.533	-30.836	341.600	296.383
% Investment	100,00%	100,00%	5,00%	89,98%	2,11%	61,00%	100,00%	0,20%
Acquisition value	847.986	90.000	158.119	98.490.866	645.000	499.448	57.020	720

	2012							
	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	1.131.766	753.824	860.933	142.324.695	24.410.057	-2.133.451	1.330.792	3.311.833
Total income	237.702	299.279	-1.851.874	2.063.487	70.434	-35.209	279.048	32.356
% 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

6.3 Adjustments in financial assets

This account reflects the adjustments to the equity method.

In the year ending 2013 and 2012 financial assets movements are broken down as follows:

	2013	2012
Initial amount	57.402.189	54.208.543
Additions (1)	1.577.768	4.250.840
Decreases (2)	515.000	1.057.194
Final amount	58.464.957	57.402.189

(1) additions in 2013 and 2012 result mainly from the application of the previous 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 2013 and 2012 provisions movements are broken down as follows:

	Legal proceedings		Losses in subsidiaries	
	2013	2012	2013	2012
Initial amount	5.257	5.257	2.516.206	2.484.953
Additions (1)	-	-	17.217	31.253
Decreases	-	-	-	-
Final amount	5.257	5.257	2.533.423	2.516.206

(1) additions in 2013 and 2012 result from subsidiary Restmon adjusted earnings.

7 Financial investments – other methods

On 31 December 2013 and 2012, the assets recognized under this heading relate to capital shares, as follows:

	% own	2013	2012
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 State and other public entities

On 31 December 2013 and 2012, state and other public entities are broken as follows:

	2013		2012	
	Debit balance	Credit balance	Debit balance	Credit balance
Income tax - IRC (1)	-	367.487	46.668	314.634
Income tax - IRS	-	5.874	-	10.913
Value added tax - VAT	-	132.788	-	134.705
Social security contributions	-	6.436	-	12.199
Other taxes	-	-	-	-
	-	512.585	46.668	472.451

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

	2013	2012
Payments on account (PEC)	-103.508	-
Payments on account	-83.631	-83.606
Withholding taxes	-196	-8.588
Income tax - IRC (Note 22)	105.431	136.422
Income tax - RETGS	449.391	270.406
Total	367.487	314.634

9 Deferrals

On 31 December 2013 and 2012 the Ibersol has recorded under the heading of deferrals, the following balances:

	2013	2012
Insurance	2.657	2.642
Rents	3.353	3.353
Financial fees	14.206	43.021
Others	-	500
Deferred costs	20.216	49.516

Deferred costs are mainly related to financial fees as they are deferred for the period of the loans.

	2013	2012
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.

10 Capital

On 31 December 2013, 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.

11 Own shares

In the years 2013 and 2012 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.

12 Reserves

On December 2013 and 2012, reserves were broken down as follows:

12.1 Legal reserves

	Legal reserves	
	2013	2012
1st January	4.000.001	4.000.001
Increase	-	-
Use	-	-
31st 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.

12.2 Other reserves

	Own shares reserves		Other reserves	
	2013	2012	2013	2012
1st January	11.179.643	11.179.643	59.140.268	57.634.244
Increase	-	-	483.563	1.506.024
Use	-	-	-	-
31st December	11.179.643	11.179.643	59.623.831	59.140.268

The company non-available reserves reached 60.220.656 euros and refer to mandatory reserves (4.000.001 euros) and own shares reserves held by Ibersol (11.179.644 euros).

13 Group subsidiaries

13.1 Non-current assets

On 31 December 2013 and 2012, 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.

	2013							TOTAL
	Iberusa	Ibersol Restauração	Asurebi SGPS	Restmon	Eggon	Ibergourmet	Ibersol Angola	
Non-current								
Loans granted								
Subsidiaries	13.033.500	9.960.996	3.185.000	1.276.000	-	-	-	27.455.496
Supplementary capital contributions								
Subsidiaries	2.000.000	-	-	-	1.875.000	1.185.000	4.210	5.064.210
Loans granted and supplementary capital contributions	15.033.500	9.960.996	3.185.000	1.276.000	1.875.000	1.185.000	4.210	32.519.707
Accumulated impairment losses	-	-	-	-	-	-	-	-
Non-current total	15.033.500	9.960.996	3.185.000	1.276.000	1.875.000	1.185.000	4.210	32.519.707

	2012							TOTAL
	Iberusa	Ibersol Restauração	Asurebi SGPS	Restmon	Eggon	Ibergourmet	Ibersol Angola	
Non-current								
Loans granted								
Subsidiaries	13.830.500	10.510.996	9.440.000	1.276.000	-	-	-	35.057.496
Supplementary capital contributions								
Subsidiaries	2.000.000	-	-	-	1.875.000	1.185.000	4.232	5.064.232
Loans granted and supplementary capital contributions	15.830.500	10.510.996	9.440.000	1.276.000	1.875.000	1.185.000	4.232	40.121.728
Accumulated impairment losses	-	-	-	-	-	182.023	-	182.023
Non-current total	15.830.500	10.510.996	9.440.000	1.276.000	1.875.000	1.002.977	4.232	39.939.705

Changes in this heading, are presented as follows:

	2013	2012
Initial amount	40.121.728	34.974.327
Additions	2.807.978	9.916.401
Decreases	10.410.000	4.769.000
Final amount	32.519.706	40.121.728

In the years ending on 31 December 2013 and 2012, the changes occurred in the impairment losses were as follows:

	2013	2012
Initial amount	182.023	478.368
Additions	-	-
Decreases (1)	182.023	296.345
Final amount	-	182.023

(1) decreases in 2013 and 2012 result from the subsidiary Ibergourmet adjusted earnings.

13.2 Current assets and liabilities

On 31 December 2013, balances recognised under this heading relate to interest concerning loans granted to subsidiaries of Ibersol and subsidiaries current year income tax, as follows:

	2013		2012	
	Current asset	Current liabilities	Current asset	Current liabilities
Income tax - RETGS	962.473	785.131	1.233.454	938.142
Interest loans	2.175.280	-	2.138.323	-
	3.137.753	785.131	3.371.777	938.142

By applying the special taxation for corporate groups (RETGS) for the first time in 2013 (referring to 2012 income), the shareholder Ibersol - SGPS, SA will carry out payments of its subsidiaries income tax.

These balances are presented as follows (Note 25):

	2013		2012	
	Debit	Credit	Debit	Credit
Ibersol Restauração	89.113	-	112.184	-
Iberusa	-	339.820	-	728.942
Asurebi	-	188.610	-	83.577
IBR Imobiliária	174.840	-	233.619	-
Ibersol Hotelaria e Turismo	77.818	-	27.236	-
Eggon	3.970	-	6.641	-
Iber King	339.160	-	405.988	-
Ibersol Madeira & Açores	16.700	-	67.309	-
Sugestões & Opções	-	15.169	7.318	-
Anatir	72.612	-	93.684	-
Ibergourmet	125.630	-	32.433	-
Iberaki	20.374	-	90.990	-
Ferro & Ferro	-	40.054	-	19.565
Restoh	31.600	-	80.526	-
Firmoven	-	10.383	44.274	-
QRM	1.867	-	5.240	-
Resboavista	-	99.626	-	37.868
JSCC	-	5.848	26.012	-
SEC	-	85.622	-	68.190
Parque Central Maia	8.789	-	-	-
	<u>962.473</u>	<u>785.131</u>	<u>1.233.454</u>	<u>938.142</u>

Concerning interest loans, short term balances of the subsidiaries are presented as follows:

	2013	2012
Ibersol Restauração	1.357.181	1.209.187
Iberusa	250.085	269.806
Restmon	221.937	199.030
Asurebi	346.077	460.300
	<u>2.175.280</u>	<u>2.138.323</u>

14 Loans

On 31 December 2013 and 2012, the detail of loans for the period (current and non-current) and by type of loan, is as follows:

	2013			2012		
	Current	Non-Current	Total	Current	Non-Current	Total
Commercial paper	-	-	-	7.000.000	-	7.000.000
Bank loans	494.245	-	494.245	625.907	494.238	1.120.145
	<u>494.245</u>	<u>-</u>	<u>494.245</u>	<u>7.625.907</u>	<u>494.238</u>	<u>8.120.145</u>

On 31 December 2013, the future cash flows (contractual) associated with loans are broken down as follows:

	2014	2015	2016
Loans	494.245	-	-
Interest	14.789	-	-

In 2013, the average cost of loans was 4,5% (5,4% in 2012).

15 Other current liabilities

On 31 December 2013 and 2012, the detail of other current liabilities is as follows:

	2013		2012	
	Current	Total	Current	Total
Other creditors				
Creditors	13.020	13.020	5.969	5.969
Accrued costs				
Payable remunerations	25.463	25.463	25.466	25.466
Premiums	-	-	-	-
Payable interest	4.384	4.384	13.658	13.658
Fee	-	-	-	-
Other	3.945	3.945	9.750	9.750
Total accounts payable to creditors and accrued costs	46.811	46.811	54.843	54.843

16 Sales and rendered services

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

	2013	2012
Rendered services - internal market	600.000	600.000
Rendered services - external market	-	-
Sub-total	600.000	600.000
Sales and rendered services	600.000	600.000

17 External supplies and services

External services and supplies in the years ending on 31 December 2013 and 2012 are broken down as follows:

	2013	2012
Services fees	76.465	82.285
Other	8.284	2.155
External supplies and services	84.749	84.441

18 Personnel costs

Personnel cost in the years ending on 31 December 2013 and 2012 are broken down as follows:

	2013	2012
Salaries and wages		
Board of directors	28.865	28.865
Employees	171.752	142.612
	200.617	171.477
Social costs		
Performance bonus	-	-
Social security contributions	41.975	37.832
Other personnel costs	5.468	5.418
Sub-total	47.443	43.250
Personnel costs	248.060	214.727

The average number of employees in 2013 was 3 (2012:3)

19 Other income and gains

Heading other income and gains may be presented as follows:

	<u>2013</u>	<u>2012</u>
Other income and gains		
Income tax excess	807	13.130
Exchange rate differences	129	172
Others	-	-
	<u>935</u>	<u>13.302</u>

20 Other expenses and losses

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

	<u>2013</u>	<u>2012</u>
Other expenses and losses		
Taxes	9.132	10.686
Income tax insufficiency	-	-
Exchange rate differences	319	273
Banking services	67.588	61.903
Others	-	-
	<u>77.039</u>	<u>72.862</u>

21 Financial costs and income

Financial costs and income in the years ending on 31 December 2013 and 2012 are broken down as follows:

	<u>2013</u>	<u>2012</u>
Financial costs		
Interest on bank loans	47.379	1.095
Commercial paper interest	226.754	295.076
Interest on delay payments	-	43
Other interest	-	-
Commercial paper commissions	119.904	154.394
Others	9.363	13.709
	<u>403.399</u>	<u>464.317</u>
Financial income		
Interest on bank loans	783	34.350
Interest subsidiaries debt	610.190	716.582
	<u>610.973</u>	<u>750.932</u>

22 Income tax

Tax amount recognised in the financial statements of the years 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Current income tax	105.431	136.422
Current income tax - RETGS (Note 8)	-62.499	-24.906
Deferred taxes	-	-
Income tax	<u>42.932</u>	<u>111.516</u>

	<u>2013</u>	<u>2012</u>
Current tax for the year		
Tax base	99.463	128.700
Special tax (independent)	-	-
Pours	5.968	7.722
	<u>105.431</u>	<u>136.422</u>

Tax amount for the year reconciliation is as follows:

	<u>2013</u>	<u>2012</u>
Pre-tax profit	<u>3.619.843</u>	<u>2.625.534</u>
Tax calculated at the applicable tax rate in Portugal Portugal (26,5%)	959.258	695.767
Non-deductible costs	-	11
Non-deductible income	-214	-3.479
Equity method effect	-853.613	-555.876
Special tax (independent)	-	-
Income tax expenses	<u>105.431</u>	<u>136.422</u>
Imposto s/ rendimento corrente	105.431	136.422
Imposto s/ rendimento diferido	-	-
Imposto s/ rendimento	<u>105.431</u>	<u>136.422</u>
Taxa efectiva de imposto	2,91%	5,20%

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

	<u>2013</u>	<u>2012</u>
Tax base rate	25,00%	25,00%
Pours	1,50%	1,50%
	<u>26,50%</u>	<u>26,50%</u>

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 2010 to 2013 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 2013.

23 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 8.225000 euro for loan guarantees and responsibilities associated with Santander Central Hispano-Madrid bank and subsidiary Lurca, made in July 2013.

24 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:

	2013	2012
Auditors	41.500	38.000
Fiscal board	26.358	26.358
General Assembly	2.335	2.335
Board of Directors (1)	6.000	6.000
	76.193	72.693

(1) earnings 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 2013, in the amount of 756.034 euros (737.594 euros in 2012), 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.

25 Related parties

On 31 December 2013, Ibersol is controlled by ATPS, SGPS, S.A. that holds a direct participation of 4,43% and indirectly of 49.99%, through its subsidiary IES – Indústria, Engenharia e Serviços, SGPS, S.A..

25.1. 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.
 Anafir 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.
 Parque Central Maia – Activ. Hoteleiras, Lda.
 Gravos 2012, 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 2013.

ii) Subsidiaries:

In the years ending on 31 December 2013 and 2012 Ibersol carried out transactions with subsidiaries as follows:

Sales and rendered services

	<u>2013</u>	<u>2012</u>
Sales and rendered services		
Ibersol Restauração	600.000	600.000
	<u>600.000</u>	<u>600.000</u>

Financial income

	<u>2013</u>	<u>2012</u>
Financial income		
Asurebi	154.204	195.373
Ibersol Restauração	182.994	224.187
Iberusa	250.085	269.806
Restmon	22.907	27.216
	<u>610.190</u>	<u>716.582</u>

Products and services

	<u>2013</u>	<u>2012</u>
Products and services acquisition		
Ibersol Restauração	10.412	10.102
	<u>10.412</u>	<u>10.102</u>

Debit and credit balances

In the years ending on 31 December 2013 and 2012, the balances resulting from transactions with related parties are as follows:

	2013	2012
Debit balances		
Ibersol Restauração	1.446.294	1.321.371
Iberusa	250.085	269.806
Restmon	221.937	199.030
Asurebi	346.077	460.300
IBR Imobiliária	174.840	233.619
Ibersol Hotelaria e Turismo	77.818	27.236
Eggon	3.970	6.641
Iber King	339.160	405.988
Ibersol Madeira & Açores	16.700	67.309
Sugestões & Opções	-	7.318
Anatir	72.612	93.684
Ibergourmet	125.630	32.433
Iberaki	20.374	90.990
Restoh	31.600	80.526
Firmoven	-	44.274
QRM	1.867	5.240
JSCC	-	26.012
Parque Central Maia	8.789	-
	<u>3.137.753</u>	<u>3.371.777</u>
Loans		
Subsidiaries (Note 13)	<u>27.455.496</u>	<u>35.057.496</u>
	<u>27.455.496</u>	<u>35.057.496</u>
	2013	2012
Credit balances		
Iberusa	339.820	728.942
Asurebi	188.610	83.577
Ferro & Ferro	40.054	19.565
Resboavista	99.626	37.868
SEC	85.622	68.190
Sugestões & Opções	15.169	-
JSCC	5.848	-
Firmoven	10.383	-
	<u>785.132</u>	<u>938.142</u>

26 Income per share

Income per share in the years ending on 31 December 2013 and 2012 was calculated as follows

	<u>Dec-13</u>	<u>Dec-12</u>
Profit payable to shareholders	<u>3.576.911</u>	<u>2.514.018</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>0,20</u>	<u>0,14</u>
Number of own shares at the end of the year	<u>2.000.000</u>	<u>2.000.000</u>

27 Subsequent events

There were no subsequent events as of 31 December 2013 that may have a material impact on these financial statements.

The Board of Directors,

António Alberto Guerra Leal Teixeira

António Carlos Vaz Pinto de Sousa

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 2013, (which shows total assets of Euros 201,609,450 and a total of shareholder's equity of Euros 146,147,748, including a net profit of Euros 3,576,911), 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.

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Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000

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 2013, 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.

8 de abril de 2014

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

Hermínio António Paulos Afonso, R.O.C.

FISCAL BOARD REPORT

To the Shareholders of Ibersol Sgps, SA.

In compliance with the applicable legislation and its mandate, the Fiscal Board issues its report on the supervisory action carried out as well as its opinion on the Management Report and remaining consolidated and individual financial statements for the year ended 31 December 2013.

1. Supervision

The Fiscal Board accompanied, within the scope of its competencies and mandate, the management of the company and its subsidiaries, having received for that purpose the information of the Company's Board of Directors, the Statutory Auditor and the External Auditor.

Over the course of the year quarterly meetings of the Fiscal Council were held, with all members present, which examined and considered the matters subject to the powers of this body.

Also present the External Auditor, PriceWaterHouse Coopers & Asociados, who is also the Statutory Auditor of the company, who informed and obtained agreement from the Fiscal Board regarding its fiscal activity plan, including that meant to ascertain the effectiveness of the risk management system, internal control and internal auditing, and the quality of the process of preparing and disclosing financial information and respective accounting policies and value-measuring criteria, the regularity of the accounting registers and books and respective support documents, the verification of goods and values pertaining to the company. Along the exercise, they provided detailed information about the actions performed and the resulting conclusions.

The Fiscal Board meet quarterly with the Board of Directors and this last organ was forthcoming in providing the Fiscal Board information over the society's activity and explanations needed to understand the activity and financial information drawn up by same Board of Directors in previous moment to it's disclosure.

The Fiscal Board did not come across any constraint during their supervision action.

No verification of any irregularity by shareholders, collaborators of the Company, External Auditor or others were communicated to the Fiscal Board.

The Fiscal Board exercised its powers to supervise the activities and independence of the External Auditor and the Auditor, having the perception that the recommended practices were observed.

The Fiscal Board has rendered its approval to additional services to the auditory services that were hired to the External Auditor, having considered that its independence was safeguarded, its remuneration was contained in market conditions, and, therefore, it was in the society's interest to benefit of the knowledge and punctuality assured in those services. The provision of additional services performed by the external auditor did not reach the threshold of 30% of the total value of provided Services.

There were no reports to the Fiscal Board of any kind of transactions between the society and its shareholders or related parties, in the sense of the CMVM Recommendation IV.1.2, that should be submitted to its prior opinion if they reached the level of significance established by this body.

The Fiscal Board examined the individual and consolidated management report and the individual and consolidated financial statements, its respective annexure, including the 2013 Corporate Governance Report presented by the Board of Directors, having examined, as well, the Legal Certification of Accounts and its Opinion issued by the Chartered Accountant and has also considered the Audit Report submitted by PriceWaterHouse Coopers & Associados.

The Fiscal Board also examined the compliance of the Corporate Governance Report included in the Management Report in compliance to the nº5 art. 420 of the Commercial Societies Code, focusing its analysis in the inclusion, in that Governance Report, of the required elements of the 254-A article of the Portuguese Securities Market Code.

2. Opinion

Considering the above, the opinion of the Fiscal Board is that are fulfilled the conditions of the approval, by the General Meeting, of :

- The management reports, the financial consolidated and individual statements of 2013 and respective annexes, namely the Governance Report, annexed to the Management Report and Consolidated Accounts;
- The proposal of distribution of year-end results presented by the Board of directors.

Porto, 8th April 2014

The Fiscal Board

The President

Joaquim Alexandre de Oliveira Silva

The Vice-President

António Maria de Borda Cardoso

The Effective Member

Eduardo Moutinho Ferreira Santos

Responsibility Statement

In accordance with paragraph c) number 1 of article 245 of the Portuguese Securities Market Code we inform that, to our knowledge, and regarding the elements we assessed, the information contained in the individual and consolidated financial statements of 2013 was prepared in accordance with applicable accounting standards, giving a true and appropriate view of the assets and liabilities, financial position and the results of Ibersol, SGPS, SA, and the companies included in the consolidation perimeter, and that the management reports faithfully describes the business evolution, performance and financial position of the company and of the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties they face.

Porto, 8th April 2014

The Fiscal Board

The President

Joaquim Alexandre de Oliveira Silva

The Vice-President

António Maria de Borda Cardoso

The Effective Member

Eduardo Moutinho Ferreira Santos