ANNUAL REPORT

ibersol
grupo

MANAGEMENT REPORT

INDEX

ibersol grupo

"Adversity awakens in us talents which would have remained dormant in favourable circumstances."

(Horace)

Management Report

History will remember 2011 as the year when Portugal again required external assistance, assuming commitments meant to substantially reduce the budget deficit by controlling spending and above all raising tax revenues. As a corollary, a new and more intense austerity programme was implemented, leading to a drastic fall in internal demand, especially consumption, from the second half of the year on. The heightened austerity continued to weigh on consumers' decision-making as they opted for more affordable goods in smaller quantities, altering consumption habits and patterns and placing the Ibersol Group before an added challenge – the need to make the inherent effects on high market competition levels compatible with the need to adjust value proposals to new consumption paradigms. Consumer habits and references are changing quickly and the Ibersol Group has thus sought to anticipate the impact of those changes: at information system level, by stimulating structural projects, in forms of interaction with consumers (where pricing stands out) and the adjustment to new client segments and concept offers.

For the Ibersol Group the future is built in the present, whereby it is vital to strengthen, even in an adverse situation, the capabilities built up over the last several years.

Efforts have therefore been made to maintain innovation levels; the process of reorganizing its portfolio was continued, along with rigorous follow-up of operations to ensure responsible return without jeopardizing active sustainability.

Given the unstable panorama affecting all of Europe, the Group sought to consolidate its internationalization strategy, which aims to extend activity on the Iberian Peninsula to the Portuguese and Spanish speaking countries, penetrating geographic areas that will enable new lines of future growth. It has therefore continued to progress through the various stages required to establish a presence in Angola, where it should begin operations in the very near future, as soon as the last procedures are completed.

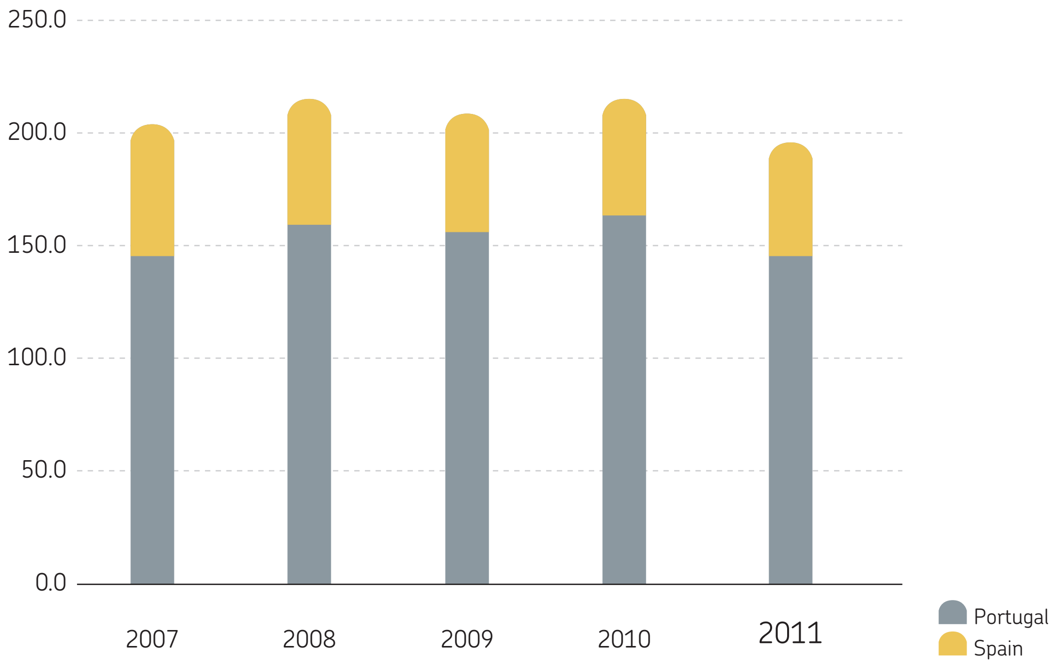
2011 ECONOMIC INDICATORS

	Turnover	Operating Income	Earnings before taxes	Net Income
Mn Euros	194.5	10.4	9.2	6.5
Ch %	-8.5%	-51.0%	-53.6%	-56.3%

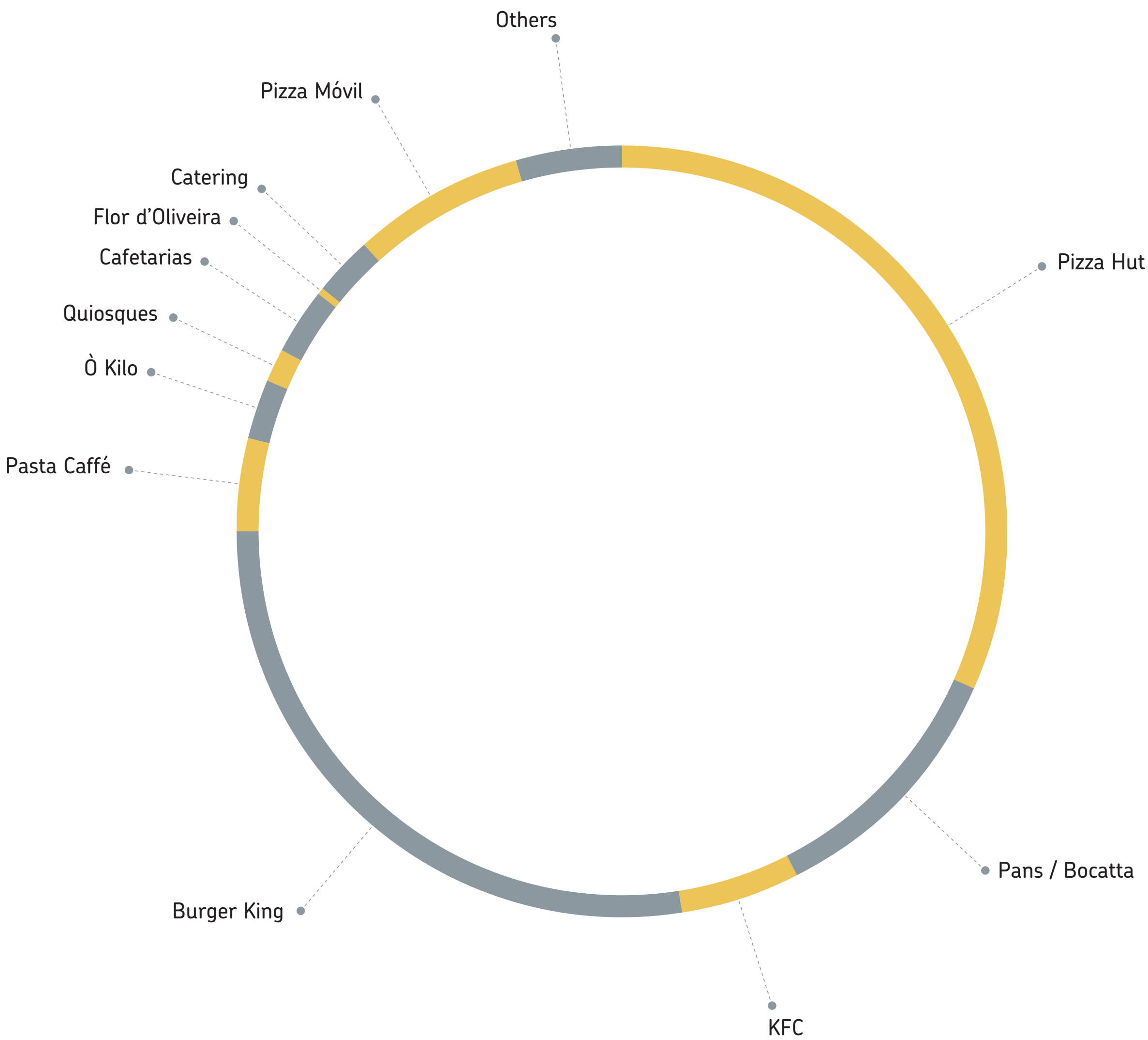
2011 ECONOMIC INDICATORS

Mn €	2011	2010	Ch. %
Portugal	147	159	-7%
Spain	47	54	-12%

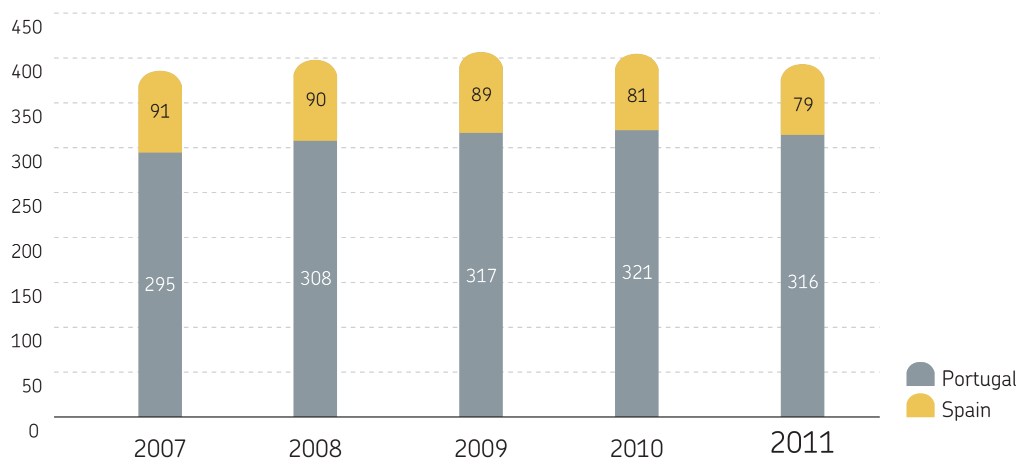
TURNOVER (mn €)


250.0
200.0
150.0
100.0
50.0
0.0
2007
2008
2009
2010
2011
Portugal
Spain

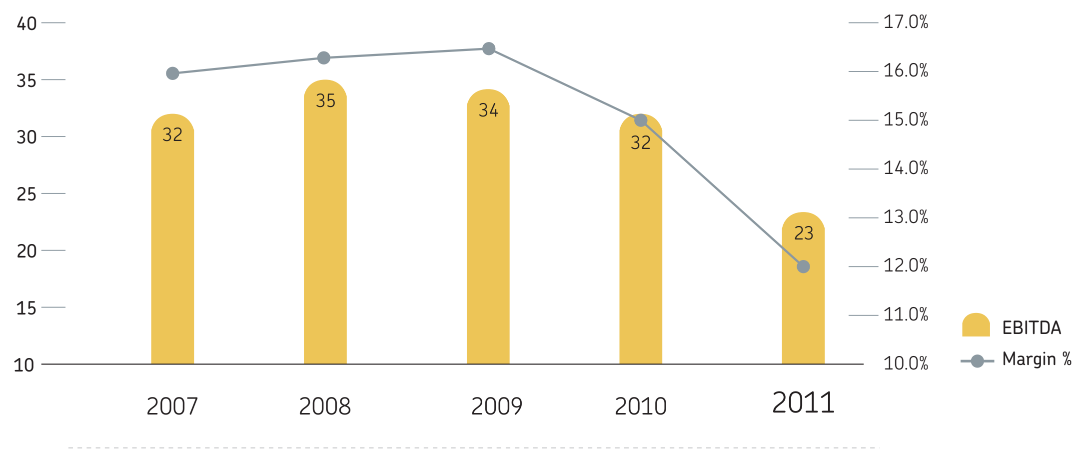
SALES DISTRIBUTION BY BRAND



NO. UNITS



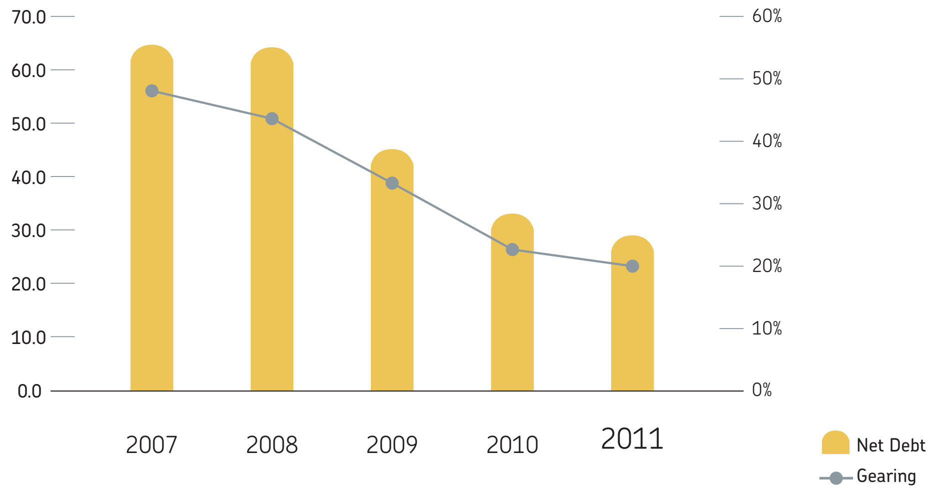
EBITDA (mn €)



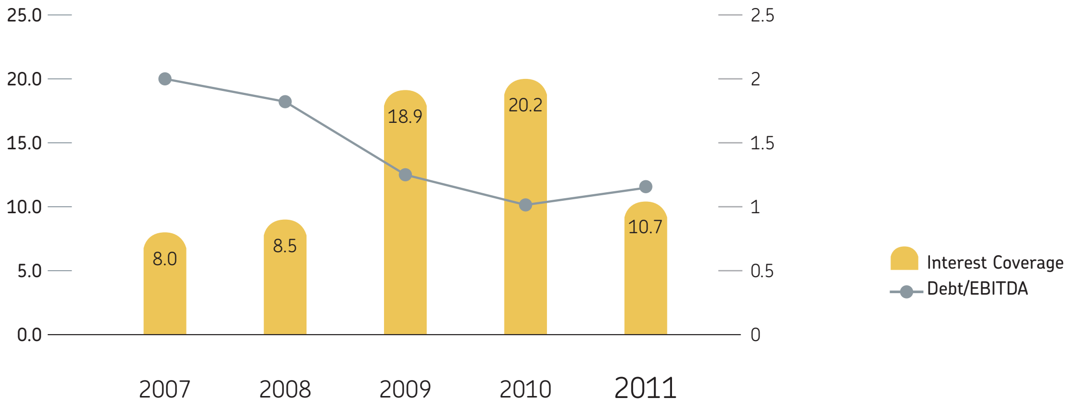
2011 FINANCIAL INDICATORS

	Activo Líquido	Endividamento Líquido	Capital Próprio
Mn Euros	232	32.2	105.5
Var%	4.5%	-28.5%	-14.8%

NET DEBT



FINANCIAL RATIOS: INTEREST COVERAGE AND NET DEBT/EBITDA



Message from the Chairman of the Board

In the year 2011 the Ibersol Group operated in a firm and determined manner, mindful of the inherent impact of the austerity period currently affecting the country.

The crisis and the rescue programme for Portugal have sharply changed consumer profiles and behaviour, a situation we believe will continue in the next few years.

Families visit and depend less on trips to restaurants but have not lowered their expectations. For this reason, nothing can affect the quality, comfort and satisfaction consumers must be sure to find at their disposal.

This orientation, which aims to safeguard "experience" in a changing context, affected the Group's performance despite adjustments made to the costs structure.

As we maintain a direct relationship with consumers we immediately felt their changed behaviour, without being able to deflect to our partners the effects of all these changes. We are still beginning that process, which will take some time to bear fruit.

The future will depend a great deal on what we do today, so that this period of sacrifice can be compensated in years to come.

The Ibersol Group

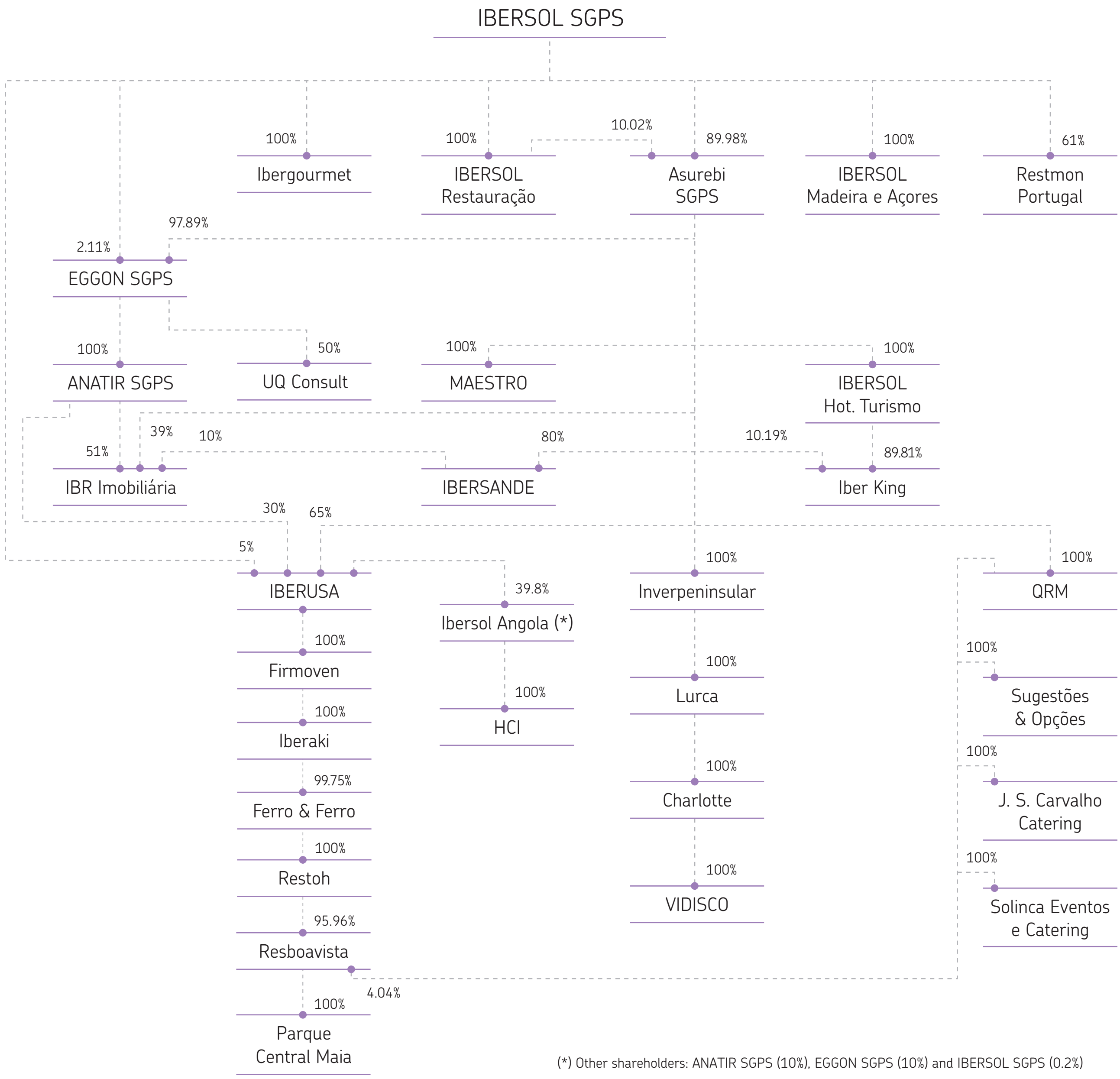
"We are made of knowledge"

WE ARE MADE OF INNOVATIVE OUTLOOK. WE ARE MADE OF FLAVOUR AND TASTE. WE ARE MADE OF INVENTION AND REINVENTION. WE ARE MADE OF SEASONING AND TRADITION. WE ARE MADE OF KNOWLEDGE OF OUR BUSINESS. IN ALL SITUATIONS. AT ANY TIME.

Somos feitos
de

Business structure

BUSINESS STRUCTURE AT 31 DECEMBER 2011



(*) Other shareholders: ANATIR SGPS (10%), EGGON SGPS (10%) and IBERSOL SGPS (0.2%)

The Group's strategic axes

EXISTING TO PROMOTE GOOD EXPERIENCES AND QUALITY OF LIFE

During a situation of major changes in consumer behaviour, the enhanced value of good experiences and quality of life are constant concerns for the Ibersol Group.

The Group therefore offers diversified products that allow consumers to choose from a broad field of experiences in taste and quality.

Whether for breakfast, lunch, snacktime or dinner, during the week or on the weekend, at a rest stop during a car trip, before a train departure or on an all-night flight, people spend a lot of time away from home. The Ibersol Group aims to provide enjoyable moments accompanied by balanced and carefully prepared meals well adjusted to the Portuguese lifestyle.

New consumption habits and attitudes are emerging as consumers try to adjust to the current adverse situation and will eventually shape the new consumer profile and reveal new trends to follow.

This time of change has been crucial for strengthening the Group's strategy: to pursue a demanding policy regarding functional aspects such as Product and Food Safety on the solid basis of what its Brands offer, opening safe paths to undertake new and ever dynamic and innovative commitments.

FOCUSING ENERGY ON CUSTOMER RELATIONS

At a time when consumers' available income has been falling, consumption outside the home is an exceptional outlay considered vis-à-vis the respective value proposal and experience.

For this reason, a systemic approach has been developed that ranges from unit organization to information systems, thereby underpinning a strategy which identifies large consumer clusters per the different environments and habits.

In this regard, the Group is implementing an active policy of value-based pricing, adjusting supply prices to benefits and respecting the heterogeneity of consumers and markets.

At the origin of this entire process is the "Think Customer" matrix, which for the Ibersol Group means accomplishment of its "Client Action" project. Every day the Group seeks to actively experience the relationship with customers and accompany consumer trends and needs, using the most fitting means to obtain a thorough knowledge of the overall situation.

A SOCIAL NETWORK WITH ADDED VALUE FOR CONSUMERS

Ibersol challenges its employees every day to actively experience the relationship with its customers, as the matrix of a social network.

The Ibersol Group employs more than 5,000 people on the Iberian Peninsula: a network of emotional and trusting relations established between our workers and customers every minute on the job.

To continually create conditions so that the Ibersol team can uphold that added-value relationship with customers – relating, communicating on a relevant basis with care and dedication – is a principle the Group wants thoroughly imprinted in its DNA.

To achieve this it has given its teams, especially unit managers (a major link in this human relations chain), capacities to take responsibility for interaction with customers.

These managers are on the front line of efforts to identify consumption profile changes. They are the ones who must “read” changing expectations and realities and transmit them so they can be included in new value proposals.

We have also decentralized the valences associated to Quality Certification and thus instilled in managers capabilities to know and verify the quality standards that underscore our performance.

SOLID MANAGEMENT AND LOGISTIC PLANNING PROCESSES

The Ibersol Group has organized a supply chain which guarantees the quality of the products it commercializes from supply via logistics to sale.

It is a single, homogeneous body streamlined every day by means of an active quality and certification policy.

Centralization of the supply chain that supports operations in Portugal and Spain will be extended to operations in Angola, enhancing efficiency and productivity in the process itself and the relationship with business partners.

The concern not to compromise quality vis-à-vis price is a rule with no exceptions. By constantly improving processes involving management, goods and resources, we aim to maintain lasting and consistent relationships with our supplier partners.

During a situation of particular hardship for economic players, especially national suppliers, the

Ibersol Group has undertaken an active tracking policy, promoting the development of its capabilities and particularly the provisioning of specific tailor-made products for the operation of some brands.

Together we have aimed to achieve improved efficiency, with higher levels of rigour, requisites and competitiveness, playing an active role in developing the policies and practices of partners and suppliers, especially smaller ones, offering them the possibility of expanding to markets in which we operate.

FOOD QUALITY AND SAFETY

The Ibersol Group pursues a strategy of excellence in food and environmental quality and security as proven by the certification of its entire operation (restaurants and services) with the international ISO 22000 food safety standard awarded by the APCER.

The Group's practices exceed market standards by a large margin, due to the active development of food safety and nutrition programmes, namely the adoption of higher standards for frying practices, monitoring sodium levels or putting forward diet proposals for specific groups such as children, the elderly or vegetarians.

Under the Viva Bem (Live Well) Programme, a health information model developed exclusively by the Group, very concrete and continual steps have been taken in actions to achieve its mission.

The appropriateness of children's menus in the brands taking part in that programme is assured, along with the respective communication and support for youth and school sports programmes such as the Taça de Alimentação (Nutrition Cup). Indeed, the Viva Bem Programme is a daily reality in training practices addressing consumer health.

From Mother's Day to Back to School, on the website www.vivabem.pt and especially in enriching actions such as the Open Kitchens for Schools, the Programme provides active support in matters of nutrition, health, physical activity and well-being.

THE IBERSOL SCHOOL, A SCHOOL FOR LIFE

Ibersol's business is based on people and it is thus vital for them to be qualified to ensure its success.

Besides training meant to improve the efficiency of our operations, the Group seeks to broaden the horizon of its employees, encouraging them to actively take part in a Career Building Programme and in others enabling them to access specific qualifications.

Career building is considered a process to develop and support vocations in a working environment, furthering our employees's development by offering advancement opportunities that allow them to take on various duties in the organization.
This implementation in a working environment involves a synthesis and compromise between individual organizational factors and guarantees objective progress.

The Group has designated this entire process (including the staff qualification programme) as the Ibersol School, which promotes academic qualification of capabilities, specifically by:

- Developing skills in participants that enable them to apply strategies and actions that meet the Ibersol Group's development needs;

- Promoting career development within the Group;

- Increasing the academic qualifications of group participants.

AN ACTIVE RESOURCES MANAGEMENT PROGRAMME AND RESPECT FOR THE ENVIRONMENT

Controlling costs is also a process of reinvention and change.

Teams, energy, consumables, products and waste must be reassessed, above all to instil a careful approach to changing processes and new ways of doing things. This situation has led the group to redefine the employee profile, optimizing management of time, processes and resources.

The Ibersol Group has therefore continued efforts to consolidate good practices policies for resource management, specifically in the area of power consumption, with very expressive results.

This policy has positive collateral results, as awareness of ways to encourage rational electric power use allows the same process to be extended to other kinds of consumption.

An excellent example of this sustainable approach is the Used Food Oil Recycling Programme in conjunction with the biodiesel industry.

Governing Bodies

Board of Directors:
Chairman - António Carlos Vaz Pinto de Sousa
Deputy Chairman – António Alberto Guerra Leal Teixeira
Member – Juan Carlos Vázquez-Dodero

Executive Committee:
CEO - António Carlos Vaz Pinto de Sousa
Vice-President – António Alberto Guerra Leal Teixeira

Fiscal Council:
President – Luzia Leonor Borges e Gomes Ferreira
Vice-President – Joaquim Alexandre de Oliveira e Silva
Member in office – António Maria de Borda Cardoso
Substitute Member – Eduardo Moutinho dos Santos

Auditor Accounting Firm:
Pricewaterhousecoopers & Associados – SROC, LDA.,
represented by Hermínio António Paulos Afonso (chartered accountant)

Members of the Board of the General Meeting:
Chairwoman – Alice de Assunção Castanho Amado
Deputy Chairwoman – Anabela Nogueira de Matos
Secretary – Maria Helena Moreira Araújo

Corporate Secretary:
Secretary in office - José Carlos Vasconcelos Novais de Queirós
Substitute Secretary – Maria Helena Moreira de Araújo

Major events in 2011

AGIR CLIENTE (CLIENT ACTION) PROJECT AND VALUE-BASED PRICING

In the scope of the Agir Cliente (Client Action) Project we have carried out an active Value-Based Pricing policy which consists of adjusting supply and prices to the benefits offered to consumers.

This project embodies the Group's growing interest in understanding the behaviour of different decision-making typologies to thereby optimize its value proposal.

INNOVATION IN MULTICONCEPT, THE NEW SPOON AND CLOCKS CONCEPTS

We continue to adjust Concepts to the segments in which we operate. This has led to the birth of innovative projects such as Spoon and Clocks, both at Portuguese airports, which mirror the Group's concern for quality in everything it does.

ESTABLISHMENT IN ANGOLA

The first KFC restaurant operated by the Group will soon open near Luanda Airport. It is just the first step of an expansion plan in an economy experiencing strong growth. Our commitment to Angola is very focused on the opportunity to offer a broad range to consumers who seek innovative ways to satisfy their needs.

Economic Context

"We are made of creativeness"

WE ARE MADE OF NEW IDEAS. WE ARE MADE OF REINVENTION. WE ARE MADE OF NEW WAYS TO LISTEN TO AND SERVE CONSUMERS. WE ARE MADE OF THIS, THAT AND MUCH MORE. WE ARE MADE OF LOOKING AT THE MARKET. WE ARE MADE OF INNOVATION. EVERY DAY, AT ANY TIME.


Somos feitos
de
ino
va
cao

Economic Context

GLOBAL SITUATION

Despite the return of turbulence to international financial markets, in 2011 global GDP grew by nearly 4% (4.6% in 2010), with the major developed economies and those of emerging markets performing quite positively, except for the downturn in Japan, strongly punished in human and material terms by the March earthquake and the Fukushima plant disaster.

The Euro-zone crisis was at the centre of attention and generated a widespread loss of confidence among economic players, caused by the lack of political resolve to take steps to tackle the sovereign debt crisis and prevent it from spreading.

Reduced credit and the measures applied to achieve budget consolidation targets strongly contributed to the gradual cooling of the economy and consequent rise in unemployment, a trend which should continue in the next few years.

In 2012 the main international bodies anticipate a panorama of global GDP growth slowing to about 3%. The major emerging economies should continue to grow at a sustained pace, albeit more moderate than in the recent past, partly offset by weaker performance of the developed economies.

SITUATION IN PORTUGAL

As indicated by the Bank of Portugal, the year was marked by the Portuguese state's request for financial assistance from the European Union and the International Monetary Fund. This led to formalization of an Economic and Financial Assistance Programme (EFAP) in which the Portuguese government pledged to adopt structural measures to adjust macroeconomic imbalances accumulated over the last several years which have led to the growing need for external financing.

The request was made in April during a period marked by major tension in international financial markets, during which the public sector and the financial system lost access to credit in normal conditions, putting external debt solvency at risk.

The adjustment programme signed with international creditors had an inevitable contraction effect aggravated by the sliding public accounts deficit in the first half of 2011 (8.3% of GDP), which meant additional steps had to be taken to achieve the 5.9% goal set for the whole year.

The latest figures published by the INE (National Statistics Institute) indicate a 1.5% retreat of the economy in 2011, slightly less than the 1.6% anticipated by the Bank of Portugal.

The evolution of GDP in 2011 indicated a widespread fall in internal demand (-5.2%), partly offset by substantial growth in exports (7.3%) and a major drop in Gross Fixed Capital Formation (-11.2%).

Losses intensified in the last quarter of the year due to falling external demand addressed to the Portuguese economy, weakening exports, tighter credit in the economy caused by the process of deleveraging the banking sector, and the higher direct and indirect taxes which cut into families' available income.

Unemployment remained high (12.5%), while the higher VAT for some administered prices along with climbing oil prices drove inflation (3.6%).

Budget consolidation measures in the scope of the state budget and the expected slowdown of global economic growth heavily impacted the Portuguese economy's performance in 2012, with GDP estimated to have fallen by about 3.1%, which will result in the deepest recession since 1975.

Conditions of internal origin will lead to an unprecedented contraction of private consumption (-6.0%), due to the joint effect of the abrupt drop of available income for civil servants, state business sector employees and pensioners, salary freezes, higher income tax via lower earned income allowances and higher indirect taxes, specifically the VAT reclassification of many products and services, which shift from low and intermediate rates to the maximum rate.

Contrariwise, exports are expected to continue growing at a rate close to 4%, remaining the only positive component of aggregate demand and the main driving force of the economy.

Inflation will continue at high levels (3.2%) and the unemployment rate should rise to about 13.5%.

As well indicated by the Bank of Portugal, intensified efforts in 2012 to correct macroeconomic imbalances cannot be disassociated from the application of long prescribed structural reforms, a key condition for building an economic paradigm that promotes sustainable growth in the middle and long terms. This is the challenge facing the Portuguese economy.

SITUATION IN SPAIN

Figures recently published by the OECD suggest a slight drop in GDP in the last quarter of 2011 (making for a 0.7% annual growth rate) due to slowing international trade and the euro-zone debt crisis's impact on confidence and internal financing conditions.

The public deficit stood at 8% of GDP, two percentage points above the set target.

Despite the downturn, the government has kept for 2012 the public deficit goal of 4.4% of GDP, adopting additional restrictive measures for taxes on individual income and assets, as well as holding back new civil service admissions.

Amid a very unfavourable internal and external macroeconomic situation, modest growth of the economy is estimated (0.2%) due to budget consolidation measures on internal demand and lower 3.5% export growth (9.5% in 2011), reflecting the cooling economies of the main trading partners (France, Germany, Italy and Portugal).

The unemployment rate should continue rising to about 23% (21.1% in 2011).

SITUATION IN ANGOLA

In 2009 the Angolan state signed with the International Monetary Fund (IMF) a 27-month Stand-By Agreement (SBA) envisaging financing of about USD 1,4 billion, of which USD 1,2 billion have already been disbursed, along with an ambitious programme of economic reforms.

Following the latest assessment of the SBA carried out in Luanda, the IMF held that the Angolan economy continued to recover from the 2009 budget and balance of payments crisis. GDP was estimated to have risen by about 3.4% in 2011 due to strong expansion of the non-oil sector, while inflation was down to 11.4% at year's end.

Macroeconomic prospects for 2012 are favourable, with the exploitation of new oil fields expected to increase production to over 1,8 million barrels per day. Application of the government's budget plans should enable a significant reduction of the non-oil deficit and help lower inflation to single-digit levels.

Given the exceptional uncertainties that continue to weigh on the global situation, the Angolan authorities are committed to increasing external reserves even more to strengthen protection against the volatile nature of oil revenues

FINAL NOTE

The risks that the sovereign debt situation in the euro-zone will deteriorate remain very much alive. The fact that the situation has dragged on due to the lack of necessary institutional mechanisms within the Union has negatively affected the confidence of markets, helped brake economic growth and boosted joblessness to socially unbearable levels.

It has become evident that the euro-zone's very existence is at stake. That is why it is necessary for 2012 to be the year for definitively resolving the contradictions and hesitations that have paralyzed the Monetary Union.

Financial Year Activity

"We are made of taste"

WE ARE MADE OF PORTUGAL. WE ARE MADE OF GLOBAL INFLUENCES. WE ARE MADE OF SAVOURING AGE-OLD RECIPES, BUT ALSO NEW KITCHEN TRENDS. WE ARE MADE OF ESTABLISHMENT IN-COUNTRY, BUT ALSO EXPANSION ABROAD, IN MORE THAN 400 SPACES.


Somos feitos
de

PORTUGAL

RESTAURANTS AND DELIVERY

Pizza Hut ended the year with sales of 60,4 million euros, 6.5% less than in the previous year.

Continuing its policy of investments to renew its units, it proceeded to remodel the ones at the Gaiashopping, ViaCatarina, Bom Sucesso, Maiashopping, Algarveshopping and Sintra CP centres.

Investment in expansion was also maintained. Two units opened in the new Fórum Sintra and Aqua Portimão shopping centres, while the Segunda Circular (Lisbon) and Exponor (Matosinhos) units closed; there were 99 units at year's end.

During the year we continued the "Fun and Friendly" positioning. Pizza Hut was a European pioneer for introduction of the new specialty, Crown Pizza, developing locally the entire launch campaign for TV and Internet. It later ceded the respective rights for various European countries: Poland, Cyprus, Romania and Luxembourg.

Also standing out besides the two Crown Pizza TV waves were the Pizza Festival campaign on radio and Internet and the Hut Júnior TV campaign, both strongly promoted on the Facebook page.

Efforts to strengthen the innovation programme included a new restaurant menu with an expanded offer of Salads, Pasta and Calzones, as well as the success of the new Cookie Delight dessert special and the Tuscani Pizzas – thin and crispy in true Italian style.

Bearing in mind its position as a family restaurant, Pizza Hut launched the first kids' menu in which children can pick all their options and enjoy didactic contests with the collaboration of our partners Kidzania, Jardim Zoológico and Sea Life.

To meet the difficult economic situation, Pizza Hut launched the Hut Júnior programme in its restaurants in September and October, offering a meal to children accompanying their parents. It also introduced the Christmas Pizza in December, with a 50% discount on the choice of three specialty types, and in the summer the Family Menu in home delivery service.

Pizza Hut pays constant attention to the youth target market and was present with its mobile unit at the Burning of the Ribbons in Porto and at the Optimus Alive, Marés Vivas and Paredes de Coura summer festivals, as well as at the Sapo Cods Bits event.

The online platform of the home delivery segment was reinforced in 2011, accounting for 16% of orders. The Cheesy Lava and P'Zone specialties were also launched.

In the counter segment, the value proposal was repositioned with the launch of a new sales point image in April and the simultaneous opening of units at Fórum Sintra and Aqua Portimão.

Regarding internal processes, note the ISO 22000 standard certification of the Foz, Norteshopping, Matosinhos, Antas DV and Colombo units, where we demonstrated the brand's care and attention with a view to guaranteeing food safety for its customers.

According to the 2011 Restaurant Market Study, Pizza Hut attained 98% brand awareness among the Portuguese population and is Portugal's leader in the ranking of Portuguese pages in Facebook's restaurant section.

PASTA-CAFFÉ
Ristorante Italiano

The year 2011 was marked by improved quality and customer service indicators, with Pasta Caffé enhancing product and service-related know-how.

At the end of last year Past Caffé operated 16 units in Portugal and 3 in Spain, having closed the Guia (AlgarveShopping), Gran Via (Vigo) and Salamanca units. In December the brand counted 216 employees.

In 2011 Pasta Caffé made major adjustments to most of its costs structure. Turnover in Portugal stood at 6.4 million euros, while in Spain the brand took in 1.4 million euros.

Pasta Caffé maintained its differentiated value proposal in shopping centres, as a table service restaurant appreciated by a market niche that seeks a pleasant and relaxed environment to enjoy a good meal with a good service experience.

Six bimonthly specialty launches brought Italy closer to customers by offering authentic and original recipes for dishes from that culinary tradition: pastas, pizzas, appetizers and desserts.

Thematic events were maintained, specifically the Rodízio de Pizzas, with dates and times set monthly at each restaurant, resulting in periods of good customer acceptance. A new event, A Temporada do Risotto, was successfully introduced in two restaurants at NorteShopping and ArrábidaShopping.

On holidays such as Valentines' Day, Father's Day, Mother's Day, Children's Day, St John's Day and Réveillon specific communication actions were developed with menus, Facebook pastimes and offers specifically for those dates.

The reinforcement of communication and business aggressiveness was one of the marketing plan priorities with the goal of capturing new targets and increasing loyalty, as customers became more demanding and concerned about consumption in 2011. Some spending contention was noted, a result of the government implemented austerity measures.

Pasta Caffé therefore strengthened its lunch menu proposal with a bigger variety of available dishes and placed its communication more visibly at the front of the shop.

At the end of December a new menu was produced which included renewed proposals for desserts, coffee etc and alcoholic beverages. More emphasis was also placed on specialties, with photos highlighting products to help customers make their choices.

We created the Pasta Caffé page on Facebook, counting nearly 7,000 fans, and began a process to get closer to our customers by informing them about novelties, thematic events and new offers, giving them incentives for another visit.

Stone ovens were installed in three restaurants (Cais de Gaia, Via Catarina and DV Douro – Vila Real), making the pizzas even more genuinely Italian and enhancing the taste of the respective ingredients.

To strengthen relations with consumers, more emphasis was placed on standards programme training for the entire operational team, with the goal of improving hospitality and professionalism when attending customers. Following these changes, Pasta Caffé consolidated a team which knows its product well and can thus surprise customers in the process of choosing or accompanying a meal.

In 2011 efforts were also made to achieve recertification in the Hygiene and Food Security processes of shift leaders and unit managers. Certification per the APCER ISO 22000 quality standard was maintained at the DV Porto – Antas and NorteShopping units.

PORTUGAL

COUNTERS

KFC is known for the delicious and unique flavour of its various combinations. The chicken processed by KFC is produced in Portugal by Portuguese suppliers and delivered fresh to our units. It is then carefully marinated, breaded and immediately cooked and served in whole pieces to ensure the best taste and quality.

Per the brand's expansion plan we opened the first KFC in Sintra at the Fórum Sintra shopping centre. In line with positive evolution in previous years, and despite the very adverse economic situation, KFC grew by 0.7% in 2011 to finish the financial year with 18 units, 206 employees and net sales of close to 9,7 million euros.

In our attempt to bring the best of KFC to Portugal, we continued the process of changing to the Taste the Difference brand positioning, which aims to revolutionize KFC by ensuring a more energetic approach to customer relations via the product and spaces. It also involves a different approach to coordination with the local community and customers.

After two years of far-reaching changes to most restaurants, the end of the process was marked by remodelling the Segunda Circular restaurant, an attractive modern building with drive-thru, Krusher counter and extended opening times at the entrance to Lisbon.

In 2011 we continued expanding the menu, including some of the brand's best international successes: Box Meals, Variety Buckets and Snack Attack formats. Also noteworthy was the launch of the Big Daddy, Brazer Max, BBQ Beast and Ultimate sandwiches, a winner in terms of variety and innovation.

The process of introducing in all units the soft ice-cream line, along with the new Brazer product lines (grilled chicken breast filet) and Krushers (line of KFC-exclusive beverages), well received by our consumers, was also completed.

KFC is one of the brands inserted in the Viva Bem programme which aims to promote healthy choices. In this regard, KFC customers can pick from a broad range of products, among them green salad, coleslaw or the exclusive maçaroca sweet corn.

KFC is environment-friendly; used food oil is collected in all restaurants and recycled by certified companies.

We are committed to integration within the community and thus maintained our participation in the Future Porto project, providing more than 100 hours of operational training to youths. The brand also took part in the Junior Achievement programme, in which KFC employees introduce in various schools topics associated to entrepreneurship and home economy, bringing young students into contact with the realities of business so they can experience those employees' values.

We also participated in the Right Arm programme in which students follow KFC employees for a day. The programme was very well received by both students and employees and provided an opportunity to share personal and professional experiences.

The Dolce Vita Antas and NorteShopping restaurants were newly certified per the ISO 22000 standard, which was also extended to the restaurants at Colombo and CascaiShopping.

This project enabled higher qualifications in terms of internal procedures and processes; all these lessons have been adopted by the entire KFC restaurant network.

Because KFC exists for customers – a key Ibersol Group value – it has implemented an ambitious hospitality programme, the Champs Management System, which has set very demanding targets and behaviour guidelines for its employees.

This restaurant specializes in quick-service barbecue meats and aims to satisfy customers who want to combine the pleasure of eating grilled meat with a healthy and savory diet.

The brand closed the financial year with 14 units after closing the ones at Viana do Castelo, Cidade do Porto and Coimbra Shopping. It counts 130 active employees, a number adjusted to the lower demand felt throughout 2011, also reflected by the sales figure of 4,3 million euros, 14.6% less than in the previous year.

Ò Kilo presents an appetizing, tempting and healthy variety which allows customers to make various combinations of their own choice with a fixed price.

In 2011 the brand continually adjusted its value proposal to meet client desires and take an aggressive stance vis-à-vis its direct competitors.

Product diversity was supported by constant renewal, always bearing mind the preference of some customers for varied and safe diets based on fresh natural products.

The quality of products is considered vital for the brand's success, whereby the selection of raw materials is extremely important. Ò Kilo's suppliers are chosen according to rigorous quality standards.

Given the growing importance of food safety, training in use of the HACCP system was reinforced, mainly for product control, on-premises hygiene and employee food handling. The brand also renewed the certification of the unit at Dolce Vita Antas.

Human resources management and the expanded capabilities needed for this kind of business were decisive in the efforts to accomplish the set goals. Training was a constant in the units, extended to all new employees, and was also complemented by classroom actions.

The brand maintained high levels in the quality and customer satisfaction indicators audited by external entities.

At end 2011 we operated 38 units with 424 active employees. Sales stood at 22,6 million euros, 5.0% less than in the previous year.

In 2011 Burger King implemented a comprehensive strategy to communicate the brand's attributes (BBM Product) and innovation by launching new products on an unprecedented scale via diverse outlets. The media used for this strategy included TV (general-audience channels TVI and SIC), radio and advertising billboards, as well as local store marketing (LSM).

To foster a trusting relationship with customers we continued to allow them to ask, whenever they want, at the moment or by previous reservation, to visit the kitchens of any unit to learn about the brand's quality policies and the care taken when preparing meals, as proven by the fact that all the brand's units are certified according to the most demanding quality standard – APCER ISO 22000.

As in 2010, Burger King continued to innovate with the launch of new products in the gourmet hamburger segment, where it was a pioneer and is still a specialist. The famous Whopper acquired a Portuguese taste for the first time with introduction of the Portuguese Whopper, an extraordinarily successful product that underscores the "Have it Your Way" motto, alive and unchanged since the chain was founded in 1954.

Noteworthy was the creation of a brand website (www.burgerking.pt) and the participation in social networks, specifically Facebook. During the year we launched a number of very successful offers under 5 euros, as well as the national Whopper Gratis action.

As part of its policy to lessen impact on the environment sandwiches are wrapped in recycled paper and the units' frying oil is sent for recycling after use. Besides these two measures the brand also sorts its units' waste.

Burger King is part of the Ibersol Group's Viva Bem institutional programme, which focuses on healthy food habits.

In line with the policy to renew assets and establish the brand in national territory, two new units opened at Aqua Portimão and Fórum Sintra. The Fórum Almada unit was also remodelled along with one of the units at Colombo, while the Pans units at Coimbrashopping and Albufeira closed, as did the Bocatta shop at Colombo.

The brand consequently ended the financial year with 60 units and about 450 employees.

Sales volume was on the order of 21.6 million euros, 5.7% less than in 2010.

In a year marked by a problematic economic situation, major adjustments were made to the brand's costs structure and value proposal. The complementary product and low-price categories were strengthened, enabling returns to be kept at acceptable levels.

PORTUGAL

TRAVEL

The Travel business essentially involves service areas situated by motorways and at airports, positioning its offer for traveling consumers.

The units in this segment are managed according to a multi-brand concept integrating more than one brand in a single area. The aim is to respond to the needs of different consumers over distinct times, using specific concepts.

Investment in this segment was 0,7 million euros.

PORTUGAL

SERVICE AREAS

Motorway service areas are a significant activity area for the Ibersol Group and at year's end comprised 33 units – 23 Sol units and 10 units for the A5, Lusoponte, A8, Carvalhos and Modivas.

Following the concession contracts established with AENOR, for a total of 28 units, Ibersol decided to present itself to consumers under its own specific Sol brand for motorway service areas.

In 2011 this business segment (Sol service areas and others) attained 8,5 million euros in sales and employed 293 people. Activity was strongly impacted after tolls were introduced on the former Scuts motorways, drastically reducing traffic.

The Sol brand specializes in urban and long distance motorway foodservices, with functional modern units that provide meals adjusted to consumer needs and services well beyond those found in typical service area café-restaurants. Given the variety of customer profiles visiting Sol units, the brand is prepared to offer all of them an enjoyable experience.

Sol units offer quick meals and varied menus at affordable prices, freshly prepared and always with attentive personalized service. At several locations Sol units include internationally well-known brands such as Pans & Company, Burger King and KFC, all covered by the comprehensive certification plan in accordance with the demanding ISO 22000 international food safety standard.

Sol units also offer additional services: smoking area, separate diaper-changing facility, lounge area, free wi-fi, sockets for charging computers or mobile phones, ATM services, consultation of daily newspapers and the sale of newspapers and magazines, last minute gifts and drive-in service.

PORTUGAL

AIRPORTS

This business segment has likewise become an area of Group expansion. It comprises 12 units at Lisbon Airport and João Paulo II Airport in Ponta Delgada. Sales attained 7,7 million euros and at financial year's end it counted 130 employees. The Group has been investing in gradual renovation of its units, repositioning existing concepts and creating new ones to meet the segment's growing needs and to ensure that it remains a player of reference at Portuguese airports.

During this financial year one more unit was renovated at Lisbon Airport's Terminal 1, introducing the Clock's concept, which counts the signature of Chef Chakall and has become a landmark reference in this airport's departure area.

PORTUGAL

COFFEE KIOSKS

The position of coffee kiosks operated under the Delta brand has been reinforced over the years and they have gained recognition as coffee specialists at their respective locations.

The year 2011 ended with 10 autonomous units corresponding to 19 customer contact points and net sales of nearly 2,6 million euros.

No new units opened; one location which failed to achieve the desired profitability was closed. In this regard, the year was marked by consolidation of the business by investing in attendance technique training for the entire operational team, which counted nearly 100 employees at year's end. This team is certified in knowledge areas that include food safety, customer attendance and others bearing on proper performance of the respective tasks.

The drop in coffee sales due to the general ban on smoking in closed areas such as the shopping centres where our kiosks are located has been countered in recent years by diversifying the sales range, increasing available choices for customers and introducing small menus that successfully complement the coffee served to customers.

PORTUGAL

CATERING

Operating from two production centres, Albarraque and Maia, and counting three catering firms (Silva Carvalho Catering, Solinca and Sugestões & Opções), the Ibersol Group is the only entity in this sector with a truly national presence.

Our ISO 22000 certified kitchens can prepare anything from a simple cocktail aperitif to the most elaborate and demanding gala dinner, always marked by the special creative touch of our chefs, who ensure that our customers' events are unforgettable.

Sales in 2011 were about 5 million euros; more than 230,000 customers were served at 787 events.

The national and international economic situation has strongly impacted the catering for events market segment. Fewer events were held, with fewer participants. Pressure on sale prices increased during the year, which affected business performance.

We had to adjust resources to sales performance, making the companies more flexible. We upheld a rigorous approach to cost controls and budgeting for each event, enabling us to improve profitability ratios.

We believe these restructuring measures, which also cover the management and transport of equipment and material from our warehouses, will enable clear improvements in efficiency and lower costs, with a very positive impact on our ability to compete.

During the year we participated in major events such as the Gold Conference Oriflame 2011, BMW Cup Cascais, gala dinners for the EASD World Diabetes Congress, the National Nutrition and Diet Congress, Festival Delta Tejo, Festival Super Bock Super Rock and the Caixa Agrícola National Congress.

In the last several years we have earned the trust of numerous institutional, business and individual clients who choose us to collaborate and support major work-related events or celebrations. They include, among others, the Lisbon City Hall, Consulate-General of Angola, AIP, Unicer, Delta Cafés, Caixa Agrícola, Top Atlântico, Desafio Global, BES and Zurich.

Silva Carvalho Catering is present at the country's most important event venues: FIL Nations Park, Europarque, Exponor, Atlantic Pavilion, Pateo da Galé, Convento do Beato, Red Cross Palace, Foz Palace, Queluz Palace, Serralves Foundation, Medeiros de Almeida Foundation. In 2012 we also began operating at the Estoril Congress Centre.

In Porto we highlight the catering concession at Dragão Stadium, the Customs Building and the São Bento da Vitória Monastery.

For Solinca Eventos e Catering, acquired in the previous year, 2011 was marked by full integration in the Group. It maintained all the culinary quality and ability to put on major events and continued efforts to gain a competitive edge, increasingly asserting its leading position in the MICE (meetings, incentives, congress and events) market segment in the city of Porto and as a major reference at national level.

Solinca was involved in 251 events, serving about 43,500 people. With a special presence in the business segment, it strengthened again its leading position in the provision of catering services for major events and congresses, supplying meals to major congresses held in the city of Porto: the European Lupus Congress, World Wine Congress, National Internal Medicine Congress, Congress of the European Society for Artificial Organs of Minho University, National Pulmonology Congress and the International Conference of the Dalkia Group.

The year 2012 is sure to be very demanding and full of challenges. We are certain that the steps taken in 2011 along with the drive, commitment and determination of our teams will make 2012 an exceptional year for the Ibersol Group's catering, whereby the year will be faced with determination and confidence.

PORTUGAL

CONCESSIONS

The Group currently operates the following concession spaces: Serralves Museum, Casa da Música, Crystal Palace, Almeida Garrett Library, VOG Tecmaia, Exponor and Campanhã CP Station.

SUGESTÕES & OPÇÕES

Overall turnover stood at 2,4 million euros, 5% less than in the previous year. Despite this drop, the business recorded improvements in the quality and profitability of operations.

Actions to train employees in attendance, quality and control of operations decisively contributed to that objective.

All units in this business are marked by characteristics that make them very different from each other, not only due to their respective public, but also to the needs they aim to meet. It is therefore vital to correctly segment the consumers and their needs. This obliges us to design an offer that responds to those expectations and allows us to fulfil them.

In 2011 the Blue Café unit at Campanhã were awarded with the ISO 22000 certification, joining VOG, the two units have been certified in the Concessions business, at the end of the year.

SPAIN

COUNTERS

Lurca ended the financial year operating 33 Burger King brand units and employing 538 employees; sales stood at 29,4 million euros.

The programme to rejuvenate restaurants continued and three renovations were completed.

In the first half of 2011 the brand's approach and strategy were clearly oriented toward sustaining sales by increasing the average receipt. But the major drop in sales during that period, which fell by 8%, forced a radical change of orientation in the second half of the year, with efforts focusing on the recovery of transactions, sacrificing the average receipt.

This inflexion resulted from conclusions of the analysis of segments by price levels and alignment with the brand's strategy in Spain, e.g. the launch of a low cost product line – King Ahorro – for 3.30 euros.

The financial year ended with an obvious recovery in sales, up 3% year-on-year, in the last two months of the year.

In 2011 we adjusted and aligned the business to evolving demand and set strategies and actions per restaurant and geographic area, taking into account the characteristics and profiles of each micro-market.

With the aim of attracting low purchasing power customers, campaigns were organized for low-cost products (1 to 1.99 euros). We kept investing in service quality to remind customers of the brand's image as a distinct product that joins excellent service to competitive prices.

A self-service beverage system was installed in two of the remodelled restaurants along with Burger King's new corporate image and proved very popular; it will be extended to five more restaurants in 2012. Free wi-fi was also installed in all the restaurants.

SPAIN

DELIVERY

The economy's performance led to inverted growth of markets largely due to lower consumption.

Available figures show that the business segment in which we operate diminished, as in previous years, with increased commercial aggressiveness via prices and promotions and the consequent narrowing of margins and profitability.

Regarding turnover, although home delivery's relative importance was lower it continued to account for the largest share of sales (52.5%), which attained 20 million euros – company-owned unit sales accounted for 13,7 million euros and the franchises for 6,3 million euros.

In a very fragmented sector whose main operator holds a market share of over 50%, the brand's turnover made it the fourth-ranking operator in the Spanish pizzerias segment, with a share of around 4%.

The financial year ended with 66 operational units, of which 43 were company-owned and 23 franchises. The Vidisco company which operates the brand ended 2011 with 684 employees.

In April a unit opened at the Marineda shopping centre in A Coruña; in the last month of the year a unit closed in the city of Santiago de Compostela.

As in 2009 and 2010, efforts to modernize the Pizza Móvil chain consolidated the use of new technologies by promoting the brand on social networks, Facebook and Twitter. Participation in e-commerce also began.

Consolidated financial analysis

"We are made of development"

WE ARE MADE OF FRESHNESS, OF MIND AND INGREDIENTS. WE ARE MADE OF PROCESSES THAT ALWAYS GUARANTEE TOP QUALITY. WE ARE MADE OF CERTIFIED FLOWS THAT ACKNOWLEDGE OUR TREMENDOUS RESPECT FOR THE BEST PRODUCTS, PRESENT IN EACH DISH SERVED IN OUR RESTAURANTS, AT ANY TIME.


Somos feitos
de
ex
pan
sao

Operating results

In financial year 2011 consolidated operating profits were 198.2 million euros, 8.2% lower than in 2010. The EBITDA margin for the same period was 23,3 million euros, down 27.8%. Operating results attained 10.4 million euros, down 51% compared to the previous year.

SALES AND OTHER OPERATING PROFITS

Consolidated turnover totalled 194,5 million euros at year's end, 8.3% less than 2010.

Turnover was distributed as follows:

	Euro million	% Ch 11/10
Sales of Restaurants	190,59	-8.1%
Sales of Merchandise	3,15	-10.8%
Services Rendered	0,78	-30.4%
Net Sales & Services	194,52	-8.3%

Turnover in Portugal accounted for about 147,4 million euros, a drop of 8.8% compared to the previous year. In Spain, it fell by 6.5% to about 47 million euros, corresponding to 24% of the Group's turnover.

Merchandise sales and the volume of service provided fell due to lesser input from sales to Pizza Móvil franchisees.

Foodservice attained sales of 190,6 million euros, for an annual drop of 8.1%, and breaks down as follows:

Sales lfl (Jan 2011)	-7.8%
Opening 2011	0.8%
Closings 2011	-0.6%
Rock in Rio 2010	-0.5%
Total	-8.1%

Foodservice sales per concept were distributed as follows:

Sales	Euro million	% Ch 11/10
Pizza Hut	60,45	-6.5%
Pans/Bocatta	20,81	-5.4%
KFC	9,73	0.7%
Burger King	22,63	-5.0%
Pasta Caffé (Portugal)	6,40	-9.8%
Ò Kilo	4,33	-14.6%
Quiosques	2,63	-10.8%
Cafetarias	5,52	-22.6%
Flor d' Oliveira	0,43	-5.9%
Catering	4,89	-31.6%
Concessions and Others	8,15	-5.0%
Portugal	**145,97**	**-7.9%**
Pizza Móvil	13,76	-5.4%
Pasta Caffé (Espanha)	1,40	-29.2%
Burger King Espanha	29,46	-5.8%
Spain	**44,62**	**-6.7%**
Total without RiR 2010	**190,59**	**-7.6%**
Total Sales Restaurants	**190,59**	**-8.1%**

In the two markets where we operate sales fell sharply, but with different trending signals. In Portugal there was an accelerated drop in sales throughout the year, while in Spain this tendency slowed in the two last quarters.

In Portugal, sales not including extraordinary events fell by 7.9%:

- Shopping centres recorded steep drops in traffic and foodservice sales, especially in the third and fourth quarters;
- The introduction of tolls and successive increases in petrol prices had a strong negative impact on traffic and consequently on foodservice sales at service stations;
- Less impact from reduced foodservice consumption on the counter brands: KFC, Burger King and Pans;
- More positive performance of Pizza Hut home delivery helped counter the brand's reduced sales;
- Pasta Caffé was recovering shares up to mid-year, but this trend was reversed as the economic situation worsened and at the end of the year it was the most affected brand;

- Positive evolution of traffic at airports;

- Negative impact of the closing of 3 Ò Kilo sales units;

- Major drop in the number of events held in the catering market, particularly in the north.

In Spain a sales of 45 million euros was attained, corresponding to a reduction of 3 million euros. The economic crisis continued to impact consumption throughout financial year 2011, albeit with gradual improvements over the course of the year. Pasta Caffé sales in Spain were strongly affected by the closing of two units in 2011.

The need to constantly evaluate the outlet portfolio led to the closing of 13 company-owned units. The recession in the consumption market meant greater selectivity was required, whereby we only carried out six openings; at the end of the year we were operating 316 own units in Portugal and 79 in Spain.

The total number of units (company-owned and franchised) at the end of the year was 419, with the following distribution:

N.º of Stores	2010 31-Dec	2011 Openings	2011 Closings	2011 31-Dec
PORTUGAL	**322**	**5**	**10**	**317**
Own Stores	**321**	**5**	**10**	**316**
Pizza Hut	99	2	2	99
Ò Kilo	17		3	14
Pans	60	2	3	59
Burger King	38			38
KFC	17	1		18
Pasta Caffé	17		1	16
Quiosques	11		1	10
Flor d' Oliveira	1			1
Cafetarias	35			35
Catering (SeO, JSCC e Solinca)	5			5
Concessions & Other	21			21
Franchise Stores	**1**			**1**
SPAIN	**104**	**1**	**3**	**102**
Own Stores	**81**	**1**	**3**	**79**
Pizza Móvil	43	1	1	43
Pasta Caffé	5		2	3
Burger King	33			33
Franchise Stores	**23**	**0**	**0**	**23**
Pizza Móvil	23			23
Pasta Caffé	0			0
Total Own Stores	**402**	**6**	**13**	**395**
Total Franchise Stores	**24**	**0**	**0**	**24**
TOTAL	**426**	**6**	**13**	**419**

The other operating profits stood at 3,6 million euros, of which the largest share corresponds to suppliers' contributions to marketing campaigns.

OPERATING EXPENSES

Consolidated operating expenses reached the amount of 187,7 million euros, 3.5% less than in the previous year, increasing their weight in sales.

GROSS MARGIN

The cost of merchandise and raw materials sold and consumed, which in 2010 represented 21.8% of sales, increased to 22.6%, approaching the figure for financial year 2008. The increase is primarily due to alteration of the sales mix with greater weight given to counter concepts and the greater pressure on sales prices felt in the current context.

The gross margin over turnover was 77.5% in this financial year, compared to 78.4% recorded in the previous year.

REMUNERATIONS AND PERSONNEL COSTS

Personnel costs fell by 3 million euros to 65,0 million euros. The 4.4% decrease was insufficient to accompany the reduced activity, mainly because the company decided not to reduce some installed capacities, while the sales drops were of the extent verified. Costs incurred with the project in Angola must also be added, which during the year involved 185,000 euros and where sales will only begin in 2012. The weight of this item, which in 2010 had fallen to 32%, rose to account for 33.5% of turnover in 2011.

Most brands recorded a major and gradual adjustment of the number of hours contracted in response to the lower sales volume.

SUPPLIES AND EXTERNAL SERVICES

Costs with supplies and external services came to 63,7 million euros, after reaching 67,1 million euros in 2010, corresponding to a decrease of 5.1%, or below the activity's evolution.

The weight of this item consequently shifted from 31.6% to 32.7% of turnover. The resilience of some costs of a more fixed nature, specifically rents, hindered a more accentuated reduction of this item despite efforts to curtail some general expenses. This item's performance also reflects greater marketing efforts, especially in Burger King and Pizza Hut.

OTHER OPERATING EXPENSES

Other operating expenses came to 2,2 million euros and included about 1,2 million euros corresponding to the cost of closing some units during the financial year.

Stamp duties and other taxes rose to 503,000 euros in 2011.

AMORTIZATIONS AND PROVISIONS

The financial year's amortizations and losses for impairment totalled 12,9 million euros, 1,9 million euros more than in 2010, and accounted for 6.6% of turnover. Impairment losses of tangible and intangible assets recognized in this financial year came to 3,2 million euros, including 1,6 million euros corresponding to the Sol units on the A29 and A11 where traffic fell to extraordinarily low levels, leading us to forecast serious operational problems in the next few years.

EBITDA

EBITDA during the period came to 23,3 million euros, compared to 32,3 million euros the previous year. An unfavourable situation on the Iberian Peninsula and costs associated to closings were decisive factors in the reduction of consolidated EBITDA by 27.8%.

Lower turnover and definitive closing costs led the EBITDA margin to fall from 15.2% in 2010 to 12.0% in 2011.

Financial results

The cost of net financing during the year was negative by 1,2 million euros and also evolved favourably, presenting a reduction of about 250,000 euros compared to 2010. This improvement is basically due to the diminishing financial amounts used during the financial year and to the positive evolution of remuneration for applications, which together offset the gradually increasing spreads.

Payable interest was 2,2 million euros, corresponding to an average debt cost of 3.8%.

Consolidated net profit

The consolidated result before taxes was 9,2 million euros, representing a reduction of 10,6 million euros, i.e. a drop of 53.6%.

CORPORATE TAX

The effective tax in 2011 is 2,9 million euros, versus 4,02 million euros in 2010. This figure accompanies the evolution of results and the lower amount of tax deferrals available for use.

Due to the effect of deferred taxes, the amount of total tax applicable for calculating the Net Result came to a positive amount of 2,67 million euros, corresponding to a rate of 28.7%.

CONSOLIDATED RESULT FOR THE FINANCIAL YEAR

The net consolidated result for the financial year was 6,55 million euros, compared to the figure of 15,0 million euros recorded in 2010, representing a drop of 56.3%.

Uncontrolled interests essentially involve the direct and indirect stake of minority shareholders in the subsidiary Ibersande (Pans & Cª) and stood at 424,000 euros.

The net consolidated result attributable to shareholders was 6,13 million euros, 58.1% less than the figure for 2010.

Financial situation

BALANCE

Consolidated Assets were 228 million euros at 31 December 2010, about 4,5 million euros less than at end 2010.

This decrease basically resulted from fixed asset items and corresponds to the following contributions:

(i) reduction of technical fixed assets referring to financial year amortizations and impairments (about -13 million euros);

(ii) investment in expansion and renovation plans in Portugal and Spain (about 13 million euros); includes acquisition of the building PH Fontes Pereira Melo, the opening of 6 units and the remodelling of 8 units;

(iii) investment in Angola, about +4,6 million euros, of which 2,3 million euros for integrating Angolan companies in the group;

(iv) closing of units (about -1,4 million euros);

(v) reduction of third party debts (about -4 million euros);

(vi) adjustment of stocks to reduced sales (-0,5 million euros).

Consolidated Liabilities were 113 million euros at 31 December 2011, 10 million euros less than at end 2010.

At 31 December 2011 Equity Capital stood at 115 million euros, 5,5 million euros more than the end 2010 figure. About 1,0 million euros were distributed as dividends during the financial year.

CAPEX

In 2011 CAPEX came to 12,9 million euros, corresponding to investment in:

- expansion in Portugal and Spain: opening of 6 units and acquisition of property of one Pizza Hut (totalling 4,3 million euros);

- expansion in Angola: construction of a unit to open in 2012 (2,6 million euros);

- modernization and renovation of 16 sales points (3,7 million euros);

- other current and ongoing expenditures (totalling 2,3 million euros).

Disinvestment also occurred due to the closure of 13 units (10 in Portugal and 3 in Spain).

Cash flow generated during the financial year was 19,2 million euros, an amount sufficient for financial coverage of CAPEX.

CONSOLIDATED NET DEBT

At year's end net paid debt stood at 28,3 million euros, 4 million euros less than the end 2010 debt figure (32,2 million euros). Short term banking debt is constituted by the issuance of commercial paper which can be redeemed in 2012.

The gearing (net debt/(net debt + equity capital)) which at end 2010 was 22.8% consequently fell to 19.8%.

The "net debt over EBITDA" indicator ratio was 1.2 at end 2011 (1.0 in 2010) and the EBITDA to interest coverage ratio was 10 (compared to 20 in 2010).

Given the ongoing credit restrictions, in 2011 the company carried out operations to consolidate one more part of the short-term banking debt. The Group's financial structure continues to be very robust.

Own shares

During the financial year the company did not perform any transactions involving own shares.

At 31 December 2011 the company held 2,000,000 shares (10% of the capital) with a nominal value of 1 euro each, for an overall acquisition value of 11,179,643 euros.

Note on activity of the non-executive member of the Board of Directors

The non-executive member of the Ibersol Board of Directors, Professor Juan Carlos Vázquez-Dodero, took part in nine meetings of the Board of Directors, i.e. in 90% of the meetings held. He was provided beforehand with all information and documentation concerning the matters on the meeting agendas, even for those he did not attend.

The non-executive board member took part in various meetings of the Executive Committee, particularly in those dealing with topics involving the Group's business planning and strategy.

He frequently requested detailed information from the Executive Committee about decisions made with respect to developing and expanding the businesses.

At operational level he maintained a close relationship with the Management Control and Planning Department. Professor Vázquez-Dodero met five times with the department officers to together evaluate methodologies and tools and to determine ways to improve control of the businesses. He also contributed relevant macroeconomic information to help assess the situation in Spain.

Management Control provided him quarterly with detailed information enabling him to follow operational activity and evaluate the performance of executive management vis-à-vis the plans and budgets approved by the Board of Directors. All explanations requested were provided.

The non-executive board member attended all the meetings with the Fiscal Council and followed all Corporate Governance matters that arose during the financial year.

Outlook

All prospects point toward a contraction of the Portuguese and Spanish economies in a context in which the macroeconomic adjustment goals, specifically regarding budgets, will continue to affect the evolution of internal demand.

The budget consolidation measures involve: (i) elimination of holiday and Christmas allowance payments in the state sector; (ii) cuts in salaries and the highest pensions; (iii) increased taxes on families; and (iv) lower income tax benefits. These, along with higher foodservice VAT and uncertainty regarding additional new measures, will have a very negative impact on foodservice consumption.

In this context, lower consumption trends are expected to worsen in 2012, with increased demand for cheaper products (and a consequently lower average receipt). Additional pressure will be felt on sale prices and due to the natural shift away from eating out to meals at home.

Ibersol believes it is ready to face another decline in sales, a result of preparations begun in the second half of 2011. The entire organization has responded with internal austerity measures with a view to streamlining resource use. We plan to continue the work of informing and working with our suppliers and partners, namely the shopping centres, to make any necessary adjustments to either opening times or foodservice areas.

Regarding financing, the financial market is expected to remain beset by liquidity problems, with reduced availability of funds for the economy. The tendency for high spreads should consequently continue. In compensation, the ECB interest rate is expected to come down.

Regarding expansion, we keep our eyes open for opportunities and ways to strengthen the competitive position of the brands we operate. In 2011 we envisage that Ibersol may open about five units and implement a renovation programme for around ten units. It may have to close some units, especially those whose contract renegotiation process hinders efforts to ensure viable operation vis-à-vis sales plateaus.

Lastly, we can announce the opening of the first unit in the Angolan market, which should take place in the next two months, as soon as various administrative hurdles are overcome. We continue to evaluate alternatives with a view to identifying and negotiating two more units.

Distribution of Results

In financial year 2011, Ibersol SGPS, S.A., presented a net consolidated result of 6,549,637.00 euros and a net result in the individual accounts of 5,689,679.00 euros.

As indicated in the individual management report, the Board of Directors proposes the following application:

Non-distributable reserves	4,250,848 €
Free reserves	338,831 €
Dividends	1,100,000 €

whereby each share should be allocated an illiquid dividend of 0.055€. In the case of the company holding own shares the said allocation of 0.055€ for each circulating share shall be maintained, reducing the overall amount of the allocated dividends.

Subsequent events and compliance statement

No significant events worthy of note occurred up to the date of this report's approval.

In compliance with paragraph a) of section 1 of article 245 of the Securities Market Code we declare that to the best of our knowledge:

(i) the management report, annual accounts, legal certification of accounts and other financial statements of Ibersol SGPS, S.A., referring to the 2011 financial year were drafted in compliance with the applicable accounting rules and regulations and correspond truthfully and appropriately to the assets and liabilities, financial situation and results of Ibersol SGPS, S.A., and the companies included in the Group; and

(ii) the information contained in the management report faithfully depicts the evolution of the businesses, performance and position of Ibersol SGPS, S.A., and the companies included in the Group, and includes a description of the main risks and uncertainties they face.

Acknowledgments

The first vote of thanks from this Board of Directors is addressed to all of the Group's employees, for their dedication and enthusiasm in confronting a market as adverse as the current one.

We gratefully acknowledge the collaboration provided over the course of the year by the banking establishments, our suppliers and other partners.

We likewise extend our thanks to all shareholders for the trust they have deposited in Ibersol.

The Fiscal Council, auditors and chartered accountant must also be recognized for the assiduous collaboration and capacity for dialogue they have manifested when following and examining the company's management.

Oporto, 16 March 2012
The Board of Directors

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero

CORPORATE
GOVERNANCE REPORT

INTRODUCTION

This present report contains a description of the IBERSOL SGPS, SA. structure and Corporate Governance practices ("Corporate Governance"), was drawn up to comply with the provisions stated by the 245th - A article of the Corporate Governance Code of the Securities Market Commission [CMVM – Comissão do Mercado de Valores Mobiliários], on appliance of the CMVM Regulation nº 1/2010 on the Governance of Listed Companies, adopting the dispositions and the recommendatory practice set in the CMVM Corporate Governance Code, according with the previsions introduced in January 2010 - regulation that is available for consultation at the CMVM site www.cmvm.pt.

CHAPTER 0

Statement of Compliance

IBERSOL SGPS, SA. is a quoted company ruled under Portuguese law, issuer of shares admitted to trading on the regulated market Euronext Lisbon, submitted to legal dispositions of the Portuguese legal system, namely the legal framework of it´s corporate governance, also as stated on the Commercial Societies Code, the Securities Code, CMVM Regulation nº 1/2010 over the Corporate Governance, as well as adopting the recommendations of the Corporate Governance Code of the Securities Market Commission according with the previsions introduced in January 2010, in www.cmvm.pt

0.1. Location where the public may find the Corporate Governance Codes to which the issuer is subject to or, if the case, those ones which the issuer voluntarily has chosen to subject itself.

The Company follows the CMVM Code of Governance for Listed Companies, namely through the application of CMVM Regulation nº 1/2010. This regulation and the recommendations are available for consultation on the CMVM website, at www.cmvm.pt

0.2. Detailed description of the recommendations contained in the Corporate Governance Code that have or have not been adopted. Recommendations that are not fully met are understood to be non-implemented.

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
I. GENERAL MEETING		
I.1. GENERAL MEETING BOARD		
I.1.1 The chairman of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Complied with	See Chap.I. Point I.1
I.1.2 The remuneration of the Chairman of the General Meeting Board shall be disclosed in the annual report on corporate governance.	Complied with	See Chap. I. Point 1.3
I.2. PARTICIPATION AT THE MEETING		
I.2.1 The obligation to deposit or block shares before the General Meeting, contained in the articles of association, shall not exceed 5 working days.	Complied with	See Chapter I Point I.4
I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.	Complied with	See Chapter I Point I.5
I.3 VOTING AND EXERCISING VOTING RIGHTS		
I.3.1 Companies may not impose any statutory restriction on postal voting, neither when the electronic vote is admitted and adopted.	Complied with	See Chapter I Point I.9 and I.12
I.3.2 The statutory deadline for receiving early voting ballots by mail shall not exceed 3 working days.	Complied with	See Chapter I Point I.11
I.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share one vote principle. The companies that: i) hold shares that do not confer voting right; ii) establish non casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	Complied with	See Chapter I Point I.6, 1.7

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
I.4. DELIBERATIVE QUORUM		
I.4.1. Companies shall not set a deliberative quorum that outnumbers the one prescribed by law.	Complied with	See Chapter I Point I.8
I.5. MINUTES AND INFORMATION ON ADOPTED RESOLUTIONS		
I.5.1. Minutes extracts of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. This information shall be kept on file on the company's website for no less than a 3 year period.	Complied with	See Chapter I Point I.13 and I.14
I.6. MEASURES ON CORPORATE CONTROL		
I.6.1. Measures adopted to prevent the success of takeover bids shall respect the interests of the company and its shareholders. Companies Articles of Association which, while respecting the principle set forth in the previous paragraph, limit the number of votes that can be held or exercised by a single shareholder, individually or jointly with other shareholders, shall also set forth that, at least every five years, the maintenance or not of that statutory provision shall be put to deliberation by the General Meeting – without the need for a quorum greater than the legal quorum – and that, all the votes cast shall count in this deliberation without that limitation.	Complied with	See Chapter I Point I.19 and I.20

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
I.6.2. Defensive measures shall not be taken if they have the effect of automatically causing serious erosion of the company's assets in the event of transfer of control or a change in the membership of the Board of Directors, thereby affecting the free transferability of shares and the free assessment by shareholders of the performance of the members of the Board of Directors.	Complied with	See Chapter I Point I.20
II. MANAGEMENT AND SUPERVISORY BODIES		
II.1. GENERAL MATTERS		
II.1.1. STRUCTURE AND DUTIES		
II.1.1.1. The Board of Directors shall assess, in its annual Corporate Governance Report, the adopted model identifying any constraints to its functioning and recommending the appropriate measures to overcome them.	Complied with	See Chapter 0 Point 03 and Chapter II Point II.4
II.1.1.2. Companies shall set-up internal control and risk management systems, in order to safeguard their assets and ensure the transparency of their corporate governance, which allow them to identify and manage the risk. These systems shall include, at least, the following components: i) determination of the company's strategic objectives on risk-taking; ii) identification of the main risks linked to the specific activity being exercised and the events capable of originating risks; iii) analysis and measurement of the impact and the probability of occurrence of each one of the potential risks; iv) risk management in view of the alignment between the risks actually incurred and the society's strategic choice on risk taking; v) control mechanisms of the execution of the risk management measures adopted and their effectiveness; vi) adoption of internal mechanisms of information and disclosure on the system's various components and risk alerts; vii) cyclic evaluation of the implemented system and adoption of any necessary modifications.	Complied with	See Chapter II Point II.5

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
II.1.1.3. Management and supervisory bodies shall ensure the creation and operation of internal control and risk management systems, lying with the supervisory body the responsibility for the assessment of these systems' operation and the proposal of any adjustments to the company's needs.	Complied with	See Chapter II Point II.6
II.1.1.4. Companies shall, in the annual Corporate Governance Report: i) identify the main economic, financial and legal risks to which the company is exposed in the exercise of its activity; ii) describe the operation and effectiveness of the risk management system.	Complied with	See Chapter II Point II.9
II.1.1.5. Management and supervisory bodies shall have their own regulations, which shall be posted on the company's website.	Complied with	See Chapter II Point II.7
II.1.2. INCOMPATIBILITIES AND INDEPENDENCE		
II.1.2.1. The Board of Directors shall include a number of non-executive members to ensure an effective capacity to oversee, supervise and evaluate the executive members.	Complied with	See Chapter II Point II.1 and II.14
II.1.2.2. Within the non-executive directors there shall be an appropriate number of independent directors, taking into account the company's size and its shareholder structure, which cannot, in any case be less than one quarter of the total number of directors.	Not complied with	See Chapter 0 Point 04, II.1.2.2
II.1.2.3. The evaluation of the independence of their nonexecutive directors by the management body shall take into account the legal rules and regulations in force on the requirements of independence and the regime of incompatibilities applicable to the members of other social bodies, assuring coherency systematically and throughout time in the application of independence criteria to the entire company. The director which, in other corporate body, would not be able to assume that quality under the applicable rules, shall not be considered independent.	Complied with	See Chapter II Point II 1.2.3.

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
II.1.3. ELIGIBILITY CRITERIA AND APPOINTMENT		
II.1.3.1. Depending on the applicable model, the Chairman of the Supervisory Board, Audit Committee or Committee on Financial Matters shall be independent and have the appropriate competences to the performance of his/her duties.	Complied with	See Chapter II Point II.21.
II.1.3.2. The selection process for non-executive directors' candidates shall be conceived in a way such as to impede the interference from the executive directors.	Not complied with	See Chapter 0 Point II.16
II.1.4. POLICY ON REPORTING IRREGULARITIES		
II.1.4.1. The company shall adopt a whistle-blowing policy for reporting alleged irregularities with the following elements: i) indication of the means by which whistleblowing reports can be made within the company, including the people qualified to receive them; ii) indication of the treatment to be given to the reports, including confidentiality if the whistleblower so requires..	Complied with	See Chapter II Point II.35.
II.1.4.2. The general lines of this policy shall be disclosed in the Corporate Governance Report.	Complied with	See Chapter II Point II.35.
II.1.5. REMUNERATION		
II.1.5.1. The remuneration of the members of the Board of Directors shall be structured in such a way as to ensure the alignment between their interests and the lomg-term interests of the company, be based on performance evaluation and discourage excessive risk-taking. To that effect, the remuneration shall be structured according to the following: (i) The remuneration of directors, who perform executive duties, shall integrate a variable component, which determination depends on a performance evaluation, by the company's competent bodies, according to pre-determined measurable criteria, which considers the real growth of the company and the wealth, in fact, generated for shareholders, its long-term sustainability and the assumed risks, as well as the compliance with rules applicable to the company's activity; (ii) The variable component of the remuneration shall be globally reasonable when compared to the fixed remuneration component, and maximum limits	Not complied with	See chapter 0 Point 04. II.1.5.1

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE
shall be determined for all components; (iii) A significant part of the variable remuneration shall be deferred for a period not inferior to three years, and its payment shall depend upon the continuation of the positive performance of the company during that period; (iv) The members of the management body shall not enter into contracts, either with the company, or with third parties, which have as effect, to mitigate the risk inherent to the remuneration variability that is determined by the company; (v) until the term of their mandate, the executive directors shall keep the company's shares, which they have accessed by way of variable remuneration schemes, until the limit of twice the value of their global annual remuneration, with the exception of those which need to be divested in order to pay taxes resulting from the capital gains regarding those shares; (vi) In cases where the variable remuneration includes the award of options, the beginning of the fiscal year shall be deferred for a period of no less than three years. (vii) Adequate legal instruments shall be established so that the determined compensation for any form of unjust dismissal of a director is not paid if the dismissal or termination by agreement is due to the director's inadequate performance; (viii) The remuneration of the non-executive members of the Board shall not include any component which value depends on the company's performance or the company's value.	

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
II.1.5.2. The statement on the remuneration policy of the managing and supervisory bodies set forth in article 2nd of Law n.º 28/2009, of 19th of June, shall contain, beyond the contents there referred, sufficient information: i) regarding which companies groups remuneration policy and practices were taken as a comparative element to the determination of the remuneration; ii) regarding payments related to the dismissal or termination by agreement of director's functions.	Not complied with	See Chapter 0 Point 04, II.1.5.2
II.1.5.3. The statement on remuneration policy set forth in article 2nd of Law n.º 28/2009 shall also include the remunerations of other managers, in the sense of number 3 of article 248th-B of the Securities Code, whose remuneration contains an important variable component. The statement shall be detailed and the policy presented shall take into account, namely, the company's long-term performance, the compliance with norms applicable to the company's activity and the contention in risk-taking.	Not complied with	See Chapter 0 Point 04.II.1.5.3
II.1.5.4. A proposal on the approval of share distribution and/or a share option plan based on variations in share price to members of the managing and supervisory bodies and other company officers, as set forth in number 3 of article 248th of the Securities Code, shall be submitted to the General Meeting. The proposal shall contain all the information necessary for a proper assessment of the plan and shall be accompanied by the plan's regulation, or, in case this has yet to be drafted, by the general conditions that shall govern it. Likewise, the main features of the pension benefits system established in favour of members of the managing and supervisory bodies and other company officers, as set forth in number 3 of article 248th of the Securities Code, shall be approved by the General Meeting.	Complied with	See Chapter I Point I.17 and I.18

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
II.1.5.6. At least one representative from the Remuneration Committee shall attend the Annual General Meetings.	Complied with	See Chapter II Point II.1.5.6
II 1.5.7. The amount of remuneration received, in aggregate and individual form, in other companies of the group and the pension rights acquired in the fiscal year in question shall be disclosed in the annual Corporate Governance Report.	Complied with	See Chapter II Point II.31
II.2. BOARD OF DIRECTORS		
II.2.1. Within the limits established by law for each management and supervisory structure, and unless the company is very small, the Board of Directors shall delegate the day-to-day running of the company. The powers delegated shall be described in the annual Corporate Governance Report.	Complied with	See Chapter II Point II.3
II.2.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its powers, particularly, with respect to: i) defining the company's general strategy and policies; ii) defining the group's business structure; iii) decisions that should be considered strategic due to the amount or risks involved or their special characteristics.	Complied with	See Chapter II Point II.3
II.2.3. If the chairman of the Board of Directors has executive duties, the Board shall find efficient mechanisms for coordinating the work of the non-executive members so as to ensure that they can make independent and informed decisions and shall duly explain those mechanisms to the shareholders in the Corporate Governance Report.	Complied with	See Chapter II Point II.3 and II.8

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
II.2.4. The company's annual management report shall include a description of the work done by the nonexecutive directors and mention any constraints encountered.	Complied with	See Chapter II Point II.17
II.2.5. The company must explain its policy on rotation of offices within the Board, particularly in what concerns the financial office, and give information regarding that policy in the Corporate Governance Report.	Complied with	See Chapter II Point II.11
II.3. CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS		
II.3.1. When asked to do so by other members of the corporate bodies, executive directors shall provide all information required in a timely fashion and appropriate form.	Complied with	See Chapter II Point II.3 II.12 and II.13
II.3.2. The Chairman of the Executive Committee shall send respectively to the Chairman of the Board of Directors and, as applicable, to the Chairman of the Supervisory Board or the Audit Committee the notices to and minutes of their meetings.	Complied with	See Chapter II Point II.13
II.3.3. The Chairman of the Executive Board of Directors shall send to the Chairman of the General and Supervisory Board and the Chairman of the Committee on Financial Matters the notices to and minutes of their meetings.	Not applicable	See Chapter 0 Point 04.II.3.3

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND STATUTORY AUDIT COMMITTEE		
II.4.1. In addition to the exercise of its supervisory duties, the General and Supervisory Board shall advise, monitor and continuously assess the management of the company by the Executive Board of Directors. The matters on which the General and Supervisory Board shall give opinion include: i) the definition of the company's strategy and general policies; ii) the group's business structure; and iii) decisions that should be considered strategic due to the amounts or the risks involved or their special characteristics.	Not applicable	See Chapter 0 Point 04.II.4.1
II.4.2. The annual reports on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Audit Committee and the Statutory Audit Committee shall be disclosed on the company's website together with the financial statements.	Complied with	See Chapter II and III Point II.4 and III.15
II.4.3. The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Committee shall include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Complied with	See Chapter II and III Point II.4 and III.15
II.4.4. The Financial Matters Committee, the Audit Committee and the Statutory Audit Committee (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose this services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first receiver of the reports.	Complied with	See Chapter II Point II.21

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
II.4.5. According to the applicable model, the Committees for Financial Matters, Audit Committee and the Statutory Audit Committee, shall evaluate the external auditor on an annual basis and propose the General Meeting that he/she should be discharged whenever justifiable grounds are present.	Complied with	See Chapter II Point II.21
II.4.6. The Internal Audit Services and those who ensure the compliance of the norms applied to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or, in case of companies that adopt the Latin model, to an independent director or the Supervisory Board, regardless the hierarchical relation that those services have with the executive administration of the company.	Complied with	See Chapter II Point II.4.6
II.5. SPECIALIZED COMMITTEES		
II.5.1. Unless the company is very small, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall set up any committees necessary for: i) ensuring a competent and independent assessment of the executive directors' performance as well as for the evaluation of their own overall performance and that of other committees; ii) reflecting on the adopted system of governance, checking its effectiveness and proposing, to the competent bodies, measures aimed at improving it; iii) identifying in a timely fashion, potential candidates with the necessary high profile for the performance of director's functions.	Not complied with	See Chapter 0 Point 04.II.5.1
II.5.2. The members of the Remuneration Committee or equivalent shall be independent from the members of the Board of Directors and include, at least one member with knowledge and experience in remuneration policy matters.	Complied with	See Chapter II Point II.38 and II.39

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
II.5.3. Any individual or legal person that provides or has provided, in the past three years, services to any structure in the dependency of the Board of Directors, the Board of Directors itself or that has a present relation with the company's consultant, shall not be hired to support the Remunerations Committee in the performance of its duties. This recommendation is also applicable to any individual or legal person that is connected to those referred to above by an employment or service contract.	Complied with	See Chapter II Point II.39
II.5.4. All the Committees shall draw up minutes of the meetings held.	Complied with	See Chapter II Point II.37
III. INFORMATION AND AUDITING		
III.1. GENERAL DISCLOSURE DUTIES		
III.1.1. Companies shall ensure a permanent contact with the market, in respect of the principle of shareholders'equality of and in prevention of imbalances in the access to information by investors. In order to achieve this, the company shall have an investor relations office.	Complied with	See Chapter III Point III.16
III.1.2. The following information that is made available on the company's Internet website, shall be disclosed in English:		
a) The company's name, the public listed company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code;	Complied with	See Chapter III Point III.16
b) Articles of Association;	Complied with	See Chapter III Point III.16
c) Identity of the members of the Board of Directors and the Market Liaison Officer;	Complied with	See Chapter III Point III.16
d) Investor Assistance Unit – its functions and access tools;	Complied with	See Chapter III Point III.16

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
e) Accounts Reporting documents;	Complied with	See Chapter III Point III.16
f) Half-Yearly Calendar on Company Events;	Complied with	See Chapter III Point III.16
g) Proposals sent through for discussion and voting during the General Meeting;	Complied with	See Chapter III Point III.16
h) Notices convening General Meetings.	Complied with	See Chapter III Point III.16
III.1.3. The companies shall promote the rotation of the auditor at the end of two or three terms, according to them being of four or three years respectively. Their maintenance after this period shall be reasoned in a specific opinion from the supervisory body which consider expressly the conditions of the auditor's independence and the advantages and costs of his/her substitution.	Complied with	See Chapter III Point III.18
III.1.4. The external auditor shall, within its competencies, verify the application of remuneration policies and systems, the efficiency and the functioning of internal control mechanisms and report any deficiencies to the company's supervisory body.	Complied with	See Chapter III Point III.17
III.1.5. The company shall not give to the external auditor, or any other entities in a relation of participation with that auditor or that are part of the same network, any services other than auditing. If the engagement of such services is required – which must be approved by the supervisory body and explained in its annual report on Corporate Governance – they should not account for more than 30% of the total value of services provided to the company.	Complied with	See Chapter III Point III.17

RECOMMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
IV. CONFLICTS OF INTEREST		
IV.1. RELATIONS WITH SHAREHOLDERS		
IV.1.1. The company's businesses with shareholders with a qualified stake, or with entities with any relation with those shareholders shall be performed in normal market conditions, as set forth in article 20th of the Securities Code..	Complied with	See Chapter III Point III.11
IV 1.2. The business of significant relevance with shareholders of a qualified stake, or with entities with any relation to those shareholders, shall be submitted to prior opinion of the Supervisory Board, as set forth in article 20th of the Securities Code. This body shall establish the necessary procedures and criteria for the definition of the relevant level of significance of these businesses and the further terms of their intervention.	Complied with	See Chapter III Point III.13

0.3. Notwithstanding the preceding paragraph, the Company may also proceed to an annual evaluation since it will be based on the degree of adoption of recommendations of groups linked together by its theme.

The Board of Directors declares that the corporate governance model adopted is suitable to the proper internal and external functioning of the Corporation. The Board of Directors has a Executive Committee, composed by two members, it convenes weekly and evaluates the diverse affairs related with the corporate managing of the society, also meeting regularly with the non executive member, sharing relevant and detailed information over significant aspects of corporation's life. The annual Management Report describes the performed non-Executive member activity. The Board of Directors has no commission specialist support. There's no notice of any kind of embarrassment or repair to the functioning of the corporate governance, by any corporate body, attended the accuracy and frequency which this information is provided to. Minutes of the Executive Committee and Remuneration Committee are prepared.

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

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

The Company's management body is composed of three directors and includes one member, Prof. Juan Carlos Vázquez-Dodero, who is a non-executive member. The mentioned member is a board of director's member of affiliated companies, in which he does not exercise executive functions. He does not carry out any activities or business with the company, as per the provisions of articles 397 and 398 of the CSC. However, he does not fulfil the independence requirements of art. 414 section 5 of the CSC, although he is a non executive board of director's member of affiliated companies, complying in this sense, the European Commission Recommendation of 15th February 2005 on this matter, he does not comply with the more restrictive understanding of CMVM. Regarding verification of the incompatibility requirements, the same non-executive director does comply with such rules, except for paragraph c) of section 1 of art. 414 – A of the CSC.

In conclusion, and although the Company's administrative structure is not governed by an audit committee included in its Board of Directors (hence the legal requirement contained in article 423-B of the CSC, namely its sections 4 and 5, is not imposed on the latter), according to CMVM understanding the requirement of point II.1.2.2 of the Corporate Governance Code is not fulfilled.

II.1.5.1. The remuneration of the Board of Director's members shall be structured to ensure the alignment between their interests and the long-term interests of the company, be based on performance evaluation and discourage excessive risk-taking. To that effect, the remuneration shall be structured according to the following:

i) The remuneration of directors who perform executive duties shall integrate a variable component, which determination depends on a performance evaluation, by the company's competent bodies, according to pre-determined measurable criteria, which considers the real growth of the company and the wealth, in fact, generated for shareholders, its long-term sustainability and the assumed risks, as well as the compliance with rules applicable to the company's activity. **ii)** The variable component of the remuneration shall be globally reasonable when compared to the fixed remuneration component, and maximum limits shall be determined for all components. **iii)** A significant part of the variable remuneration shall be deferred for a period not inferior to three years, and its payment shall depend upon the continuation of the positive performance of the company during that period. **iv)** The members of the management body shall not enter into contracts, either with the company, or with third parties, which have as effect, to mitigate the risk inherent to the remuneration variability that is determined by the company. **v)** until the term of their mandate, the executive directors shall keep the company's shares, which they have accessed by way of variable remuneration schemes, until the limit of twice the value of their global annual remuneration, with the exception of those which need to be divested in order to pay taxes resulting from the capital gains regarding those share. **vi)** In cases where the variable remuneration includes the award of options, the beginning of the fiscal year shall be deferred for a period of no less than three years. **vii)** Adequate legal instruments shall be established so that the determined compensation for any form of unjust dismissal of a director is not paid if the dismissal or termination by agreement is due to the director's inadequate performance. **viii)** The remuneration of the non-executive members of the Board shall not include any component which value depends on the company's performance or the company's value.

This Recommendation is not complied with, regarding the executive members of the Board of Directors. The Shareholder's Company ATPS-SGPS, SA, has rendered management services to the Group, having received from the affiliated company Ibersol, Restauração, SA., for the rendered services, the amount of 756.034,00€ in 2011. Among the ATPS - Sociedade Gestora de Participações Sociais, SA. obligations and under the contract terms with Ibersol, Restauração, SA. is included the obligation of assuring that the Company´s Board of Director's members, António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira perform their functions without any further costs for the company. The Company does not allow, directly, any payment to it´s executive board of Director´s members. Being ATPS – Sociedade Gestora de Participações Sociais, SA. held, in equal shares, by the board of directors members António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira, from the mentioned amount of 756.034,00€ in 2011, it will correspond to each one of those board of director's members the amount of 378.017,00€.

The non executive member of the board obtained an annual remuneration of 6.000€.

II.1.5.2. The statement on the remuneration policy of the managing and supervisory bodies set forth in article 2nd of Law n.º 28/2009, of 19th of June, shall contain, beyond the contents there referred, sufficient information: i) regarding which companies groups remuneration policy and practices were taken as a comparative element to the determination of the remuneration; ii) regarding payments related to the dismissal or termination by agreement of director's functions

and

II.1.5.3. The statement on remuneration policy set forth in article 2nd of Law n.º 28/2009 shall also include the remunerations of other managers, in the sense of number 3 of article 248th-B of the Securities Code, whose remuneration contains an important variable component. The statement shall be detailed and the policy presented shall take into account, namely, the company's long-term performance, the compliance with norms applicable to the company's activity and the contention in risk-taking.

For setting the Board of Directors and the Statutory Audit Committee remunerations there were not taken any comparative remuneration policies or practices over payments made by other companies, and it has been not regarded any policy over payments related to the dismissal or termination of the administrators function, by agreement.

Regarding the Directors remuneration policy, it is stated by the Board of Directors in it's Statement joined to this Corporate Governance Report, that there are no significant variable components of its remunerations.

II.3.3. The Chairman of the Executive Board of Directors shall send to the Chairman of the General and Supervisory Board and the Chairman of the Committee on Financial Matters the notices to and minutes of their meetings.

This recommendation is not applicable in the meaning of the text. It is clarified in the Chapter II, Point II.12 and II.13.

II.4.1. In addition to the exercise of its supervisory duties, the General and Supervisory Board shall advise, monitor and continuously assess the management of the company by the Executive Board of Directors.

The matters on which the General and Supervisory Board shall give opinion include: i) the definition of the company's strategy and general policies; ii) the group's business structure; and iii) decisions that should be considered strategic due to the amounts or the risks involved or their special characteristics.

This recommendation is not applicable because the Company is not structured under the mentioned model.

II.5.1. Unless the company is very small, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall set up any committees necessary for: i) ensuring a competent and independent assessment of the executive directors' performance as well as for the evaluation of their own overall performance and that of other committees; ii) reflecting on the adopted system of governance, checking its effectiveness and proposing, to the competent bodies, measures aimed at improving it; iii) identifying in a timely fashion, potential candidates with the necessary high profile for the performance of director's functions.

The company does not have specialized committees, unless the Remuneration Committee.

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

These rules emerge from the legal rules that are incumbent upon the electoral shareholders' meeting, where this body, without prejudice to freely elect the members of the Board, is responsible for the selection process and this one will be drawn up enjoying the profile of each candidate in terms of their qualifications, technical knowledge and professional experience. However, regarding a control position that confers to determined shareholder's, mainly being simultaneously executive Directors, the possibility of choosing executive and non-executive directors, it is not possible to assure the necessary distance the recommendation seeks to ensure. So, it arises from the Ibersol shareholders structure the failure of this recommendation.

CHAPTER I

GENERAL ASSEMBLY

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

Chairwoman:
Alice de Assunção Castanho Amado

Vice-Chairwoman:
Anabela Nogueira de Matos

Secretary:
Maria Helena Moreira Araújo

The Company provides the Chairman of the General Meeting the human and logistics resources to suit her needs, through support services of the company's Secretary and the Legal Office, this one composed by three lawyers, so considering this support as an adequate support face to the society's dimension and economic situation. The Investor Relations Office/Representative for the market also provides support at the general meetings, responding to requests for information from shareholders, organizing accreditation of participation in the general meeting, in liaison with the company Secretary and the Board of the general meeting.

I.2. Designation of the commencement and end of the mandates: 2009 – 2012

I.3. Designation of the Chairman's General Meeting Board remuneration

In 2011 the remuneration obtained by the Chairwoman of the General Meeting Board was 1.333,44€.

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

The Company's articles of association at present require in their 20th article, number 1, that shareholders prove to the company their ownership and deposit of shares up to five working days before the date the Annual General Meeting is held.

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

Under 20th Company's Association Articles, nº 3, if the meeting is suspended, the Company does not oblige the shares or subscription titles to be blocked during the entire period until the session is resumed, the ordinary prior notice required upon first summons is sufficient.

I.6. Number of shares that equals a vote

Each share of the Company equals one vote, under 21st nº 1 of the Association Articles.

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

In the article 20º nº 2 of the Company's Association Articles is stated that the shareholders of preference shares without voting rights and bondholders may not participate in general meetings, being represented by the same common representative.

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

According to article 23rd of the Association Articles, for the General Meeting to be able to meet and deliberate upon first summons it is indispensable that shareholders holding shares comprising more than fifty percent of the share capital be present or represented. Under 21st n.1 and 2 of the Association Articles, each share equals a vote and the deliberations in the General Meeting will be taken by a simple majority, except if the law demands differently.

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

Statutory rules exist about exercising the postal voting right in art. 22nd nºs 3 to 11, postal voting limits are inexistent. The Company provides a postal vote bulletin, indicating the necessary procedures for exercising this voting right, under the model provided in www.ibersolpt

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

The company provides a format for exercising the postal voting right. This form is posted on the company's website, www.ibersol.pt

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

Postal votes can be received up to three days before the General Assembly is held in terms of the 22nd nº 4 of the Association Articles.

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

The exercise of voting rights by electronic means is still not available. Note that up till now the Company has not received any solicitation or expression of interest by shareholders or investors with the purpose of providing such a function.

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

On the Company's website are available to the shareholders the minutes of the General Meeting in the mentioned term, as well as a simple statistic about the number of present shareholders, agenda and resolutions taken in the last five years.

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

There are available to the shareholders on the Company's website the minutes of the General Meeting, the share capital represented and the voting results referring to the previous eight years.

1.15. Indication upon the remuneration committee's representative present at general meetings

The Company has accomplish to this recommendation in the 2012th Annual General Meeting.

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

The remunerations policy for the governing bodies is the responsibility of the Remuneration's Committee, which in 2012 will submit that policy at the Shareholders General Meeting approval.

The working agenda of the Annual General Meeting has included a point addressed to an overall evaluation of the company's administration and supervision, in compliance with the provisions of art. 376 nº1 al. c) of the CSC (Companies Code).

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

There were no proposals to the General Meeting over plans to allot shares and/or any other kind or modality of shares attribution such as referred above.

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

There was not raised, submitted or accepted any proposal or resolution in the general meeting in the sense and/or the content displayed.

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

There is no statutory rule in the mentioned sense.

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

There are no defensive measures in the Company whose effect would be to automatically cause a serious erosion of the Company's assets in case of change of control, or change of composition of the Board of Directors, at any terms or conditions – so, by nature, it involves the non existence of eventual measures that will operate in a previous moment to a potential takeover bid. There are no voting caps or shareholders agreements, or any other kind of measures or means that will limit, in any way, the transfer of shares.

I.21. Main agreements in which the company is part of that will come into force, if changed or ended in cases such as a change in company's control, as well as related outcome, unless that disclosure measure, by it's nature, is highly damaging to the company, except the company is specifically obliged to disclose such information by force of legal imperatives

Franchise Contracts exist in the Company concerning concession of the operation, under licence, of international foodservice brands in which Ibersol, SGPS, SA., figures as an accessory and warrant party for the respective compliance, figuring the subsidiaries companies a main party of those same contracts. They set some limits on the change of control in Ibersol, SGPS, SA., holding, as well as in companies with a dominant position over Ibersol, SGPS, SA. Such limits, subject to the necessary conditions of reasonability and contractual balance, basically consist of the duty of prior notice and/

or approval by those franchisors, as well as the prevention of competition in the operational branch of the mentioned foodservice brands.

I.22. Agreements between the company and the Board of Director's members and main Directors, within the meaning of 248-B nº3 article of the Securities Code, that provide for compensation if they resign or are discharged without a valid cause or if their employment ceases following a change in company control

There are no agreements between the Company and the Board of Directors members and other main directors, as per section 3 of article 248-B of the Securities Code, which envisage compensation should they resign, be discharged without a valid cause, or if their employment ceases following a change in company's control.

CHAPTER II

MANAGEMENT AND SUPERVISORY BODIES

SECTION I – GENERAL THEMES

II.1. Identification and composition of the corporate bodies:

Board of Directors:

CHAIRMAN
António Carlos Vaz Pinto de Sousa

VICE CHAIRMAN
António Alberto Guerra Leal Teixeira

MEMBER
Juan Carlos Vázquez-Dodero

Executive Committee:

CHAIRMAN
António Carlos Vaz Pinto de Sousa

VICE CHAIRMAN
António Alberto Guerra Leal Teixeira

Statutory Audit Committee:

CHAIRWOMAN
Luzia Leonor Borges e Gomes Ferreira

VICE CHAIRMAN
Joaquim Alexandre de Oliveira e Silva

EFFECTIVE MEMBER
António Maria de Borda Cardoso

ALTERNATE MEMBER
Eduardo Moutinho dos Santos

Chartered Accounting Firm:

PriceWaterhouseCoopers & Associados – SROC, LDA.

Represented by Hermínio António Paulos Afonso (ROC)

Company's Secretary:

EFFECTIVE SECRETARY
José Carlos Vasconcelos Novais de Queirós

ALTERNATE SECRETARY
Maria Helena Moreira de Araújo

II.1.2.3. The evaluation of the independence of the non-executive directors by the management body shall take into account the legal rules and regulations in force on the requirements of independence and the regime of incompatibilities applicable to the members of other social bodies, assuring coherency systematically and throughout time in the application of independence criteria to the entire company. The director which, in other corporate body, would not be able to assume that quality under the applicable rules, shall not be considered as independent.

The Board of Directors body is composed by three members and includes a member, Prof. Juan Carlos Vázquez-Dodero that is a non-executive member. The mentioned member is a non-executive director of affiliated companies.

This member does not accomplish any business or activities with the Company in the meaning of the 397º and 398 articles of the Commercial Societies Code(CSC). However he does not accomplish the requirements of independence stated in the 414th, nº 5 article of the mentioned CSC, in the meaning that he, however, is a non-executive member of the board of directors of affiliated companies - and in this sense he accomplishes the UE Recommendation the 15th February 2005 over this theme - he does not accomplish the more restrictive meaning stated by the CMVM. Regarding the items of incompatibility, the same non-executive director accomplish those rules with the exception of the c) alinea nº 1 of the CSC 414-A article.

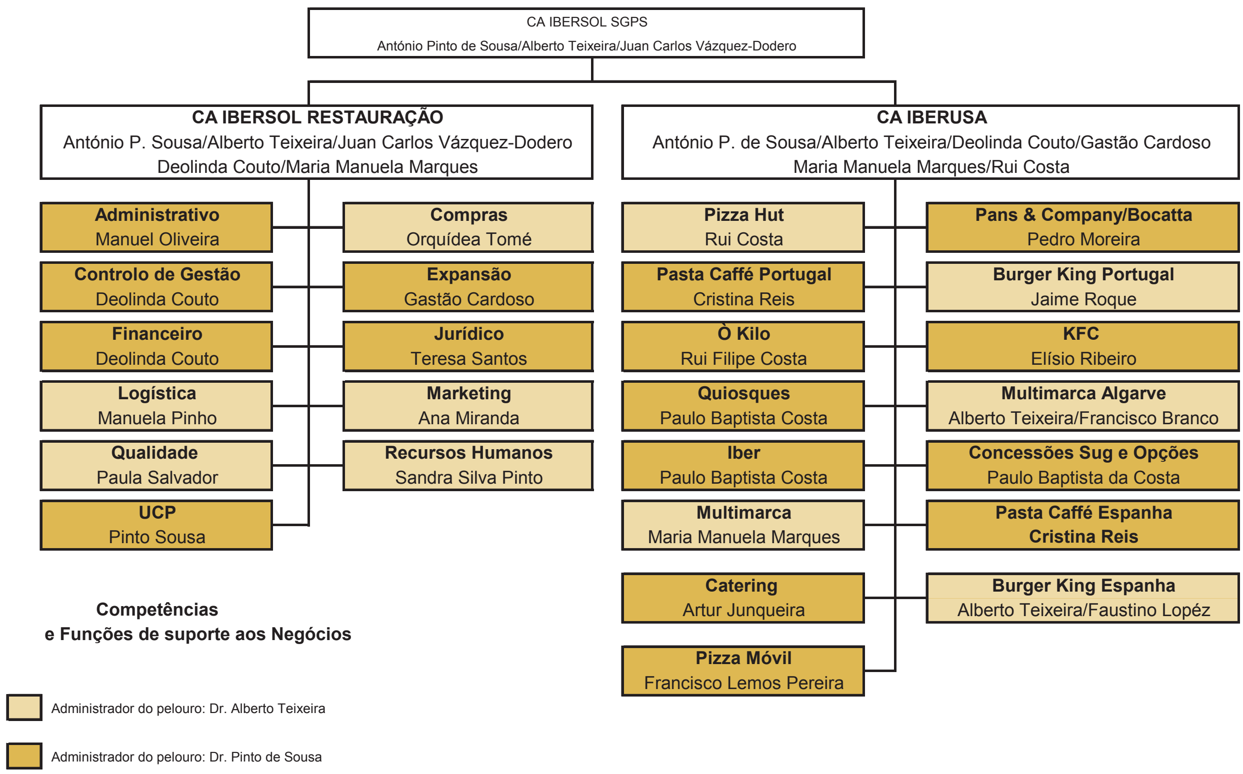
In conclusion, however the Company's administration structure is not governed by a auditory committee that takes part of it's Board of Directors (and so the company is not legally obliged to accomplish the 423º-B article of CSC code, namely nºs 4 and 5), it is understood that the item required under the points II.1.2.3. of the Corporate Governance Code is complied with.

II.1.5.6. At least one of the Remuneration Committee's representatives shall be present at the Annual Shareholders' General Meeting.
The company has complied with this Recommendation at the Annual G. Meeting taking place in 2011.

II.2. Identification and composition of other committees created with responsibilities for the management or the supervision of the company.
Not existent.

II.3. Organizational structure or functional chart concerning the delegation of responsibilities among the various corporate bodies, committees and/or departments within the company, including information on the scope of delegating responsibilities or distributing duties among the members of the Management or Supervisory bodies, as well as a list of non-delegable subject matters and delegable subject matters.

ORGANOGRAMA



MANAGEMENT BODY

Ibersol, SGPS, SA. has a Board of Directors composed of three members: one Chairman, one Vice-Chairman and one Vogal Member.

Two of its members exercise executive functions and form an Executive Committee, which was elected and whose powers were delegated by the Board of Directors per the terms of art. 8º section 4 of the Company Association Articles, and one other Director who exercises non-executive functions.

The Executive Committee operationally coordinates the functional directions and different businesses mentioned above, meeting periodically with the respective directors. The decisions made by the Functional and Business Directors, which must respect the overall guidelines, emanate from the delegation of powers granted by the Executive Committee and are coordinated in the aforementioned meetings.

The powers delegated to the Executive Committee are namely the following:

a) full powers for decision-making, management and strategic accompaniment of corporate activity, within the legal limits set by art. 407º section 4 of the CSC;

b) to develop, plan and programme the action lines of the management body, internally and externally for the accounting year, fully pursuing the social goals per the Company's ends, with a special aim to assist the Board of Directors properly verifying the instruments for supervising the economic/financial situation and carry out the controlling function of the companies that are part of the Ibersol Group.

c) it is incumbent upon to help the Board of Directors to update its assessment and functional support structures, as well as the procedures of companies integrated in the Ibersol Group, with consistent adjustment to changing business needs, acting to determine the profiles and characteristics of its strategic partners, clients, workers, collaborators and other players, and in development of the behaviour standard for the company's relations with the outside world, and may specifically proceed to acquire, dispose of and encumber moveable goods, establishing or ceasing cooperation with other companies.

The distribution of functions within the Board of Directors, specifically in terms of turnover responsible for financial matters is understanding of the company that the rotation does not serve the corporate interests, being a measure that would not contribute to stabilization and continuous improvement of its objectives, but even more so is society's understanding that this requirement, if any, will only be objectively required for the future, ie after two mandates from the date of commencement of validity of the recommendation contained in section II.2.5 of the Government Corporations Code (the latter with effect from September 2007).

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

The Report of the Supervisory Board includes a description of the supervisory activity and, when appropriate, it refers any constraints encountered, which are disclosed on the website of the company, together with the documents of accountability. The Board of Directors declares that the corporate governance model adopted is suitable to the proper internal and external functioning of the Corporation. The Board of Directors has a Executive Committee, composed by two members, it convenes weekly and evaluates the diverse affairs related with the corporate managing of the society, also meeting regularly with the non executive member, sharing relevant and detailed information over significant aspects of corporation's life. The annual Management Report describes the performed non-Executive member activity. The Board of Directors has no commission specialist support. There's no notice of any kind of embarrassment or repair to the functioning of the corporate governance, by any corporate body, attended the accuracy and frequency which this information is provided to. Minutes of the Executive Committee and Remuneration Committee are prepared.

II.4.6. The Internal Audit Services and those who ensure the compliance of the norms applied to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or, in case of companies that adopt the Latin model, to an independent director or the Supervisory Board, regardless the hierarchical relation that those services have with the executive administration of the company

The Company has not specifically internal audit services with specific functional and direct report to the Supervisory Board (given the adopted Latin model), and the mentioned compliance services are provided by the respective departments of the Company. Underlining that, organically and functionally, the different directive departments of the Company's Group head directly the compliance services nearby the Board of Directors and the Statutory Audit Committee – namely whenever requested by this last organ – these responsible are dully identified on the company's organization chart in point II.3, and the respective performance is detailed in point II.5.

II.5. Description of the internal control and risk management systems within the company, namely over the financial information disclosure system, as well as its functioning system and its effectiveness

Risk management is a component of the company's culture and is present in all processes; it is the responsibility of all managers and collaborators at the different levels of the organization.

Risk management is undertaken with the aim of creating value through the management and control of uncertainties and threats that can affect Group companies from a standpoint of operational continuity, with a view to taking advantage of business opportunities.

In the context of strategic planning, risks to the portfolio of existing businesses are identified and evaluated; new businesses and more relevant projects are also developed and strategies to manage those risks determined.

At operational level, management risks are identified and evaluated regarding the objectives of each business and actions to manage those risks are planned; they are included and monitored in the scope of the business plans and the functional units.

Regarding risk to the security of tangible assets and persons, politics and standards are defined and a self-control compliance face to that risk is undertaken; external audits are carried out on all units and actions are implemented to prevent, identify and correct those risks.

In order to guarantee conformity of the established procedures, the group's main internal control systems are periodically evaluated.

Internal control and accompaniment of the internal control systems are carried out by the Executive Committee. For specific business aspects there are risk areas whose management has been assigned to functional departments, standing out:

Food Quality and Safety

In the foodservice business the risk associated to hygiene and food safety is of major importance.

Management of this risk area is coordinated by the Quality Division. Its main concerns imply responsible and proactive action, following the principles of prevention, training, monitoring of indicators and the search for continual improvement in order to minimize food-related risks that impact consumers' health.

This risk area's main management aspects are:

- Qualification and Selection of Suppliers and Products in the food quality/safety area and the Periodic Control Programme for Suppliers/ Products and Services;

- to ensure effectiveness of the implemented Tracing System;

- the control of the units' Productive Process by means of HACCP Systems;

- the system to Develop Food Safety Skills;

- Maintenance and Monitoring of measurement devices;

- Food Crisis Management System, which allows existing food warning systems to be monitored at all times and ensures immediate action when necessary;

- System for Continual Improvement, supported among other instruments by the External Audits Programme in all Group units; programme for micro-biological analyses of end products carried out per sample by the accredited external entity; Complaint Handling System, Mystery Customer Programme and Internal Audits Programme with respect to the indicators associated to Food Safety;

- Live Well Programme, by which the Group informs consumers about its Food Safety system and the opportunity to have healthy food habits, providing them transparently with the information needed to make the most correct choices;

- Certification process-management system for food safety in the framework of ISO 22000, demanding international standard in food safety.

Workplace Safety and Hygiene

Coordination of this risk area's management process is the responsibility of the Human Resources Division, which coordinates the Training Plans and monitors application of the standards and procedures set out in the SHT Manual in effect at Ibersol.

Financial

Risk management in the financial area is carried out by the Financial Division and it concentrates in monitoring the volatility of financial markets, especially interest rates. The current market situation has conduced to a major relevance of the liquidity risk. The main sources of risk exposure are:

a) Exchange rate risk

The exchange rate risk is very small because Ibersol Group is mainly present in the iberian market, the bank loans are denominated in euros, and the purchase volume outside Eurozone does not assume significant proportions. The investment and financing in Angola has still a reduced expression. Regarding future financing outside Eurozone, Ibersol Group shall proceed a policy of a natural coverage, using local funding whenever the conditions of interest rates recommend so.

b) Interest rate risk

As the Group does not have remunerated assets with significant interests, the profit and cash flows from financing activity are largely independent of any changes in the market interest rate.

The Group's interest rate risk comes from liabilities, specifically long term loans. Loans issued with variable rates expose the Group to cash flow risks linked to interest rates. Loans issued with fixed rates expose the Group to risk from the fair value associated to the interest rate. With the current interest rate levels, the group's policy, for financing with longer maturity, is to ensure the total or partial fixing of interest rates.

In recent years only a small part of the Group's financing has considered the possibility of risk coverage by interest rate variation. It has a swap operation involving 1,9 million euros in Spain. Consequently, the remaining unpaid debt bears interest at a variable rate. Due to the liquidity policy followed this financial corporate year and that cash amounted to approximately 50% of the liabilities, it is understood to be reduced in part the exposure to interest rate risk. Given the expectations of evolution of changes in interest rates Euribor in 2011, the Group has decided not to make any protection on the reference rate of its financing. In 2012 and regarding the expectations of changes in the medium term, the Group will consider fixing the interest rate on a 50% share of the debt.

c) Credit risk

The Group's main activity is carried out with sales paid in cash or debit/credit card; the Group therefore has no relevant credit risk concentrations. However, with increased sales of the catering business, with a significant proportion of credit sales, the Group has to monitor more regularly the accounts receivable in order to:

i) limiting the loans to customers;

ii) analyze with the operations the seniority and recoverability of receivables;

iii) analyze the risk profile of customers.

d) Liquidity risk

As mentioned above, the current situation on financial markets has given greater relevance to liquidity risk. Financial planning based on forecast cash flows in more than one scenario and for longer periods than one year has become a requirement for the Group. The short-term treasury is based on the annual planning that is reviewed quarterly and adjusted daily. Related to the dynamics of the underlying business, the Group's Treasury has provided a flexible management of commercial paper and the negotiation of credit lines available at all times. The policy of open dialogue with all partners has allowed to maintain a financial relationship with a high degree of confidence, despite the liquidity constraints that are now debating the Portuguese Banking. 2011 has been a difficult year for the market, the company has demonstrated significant ability to secure financial resources continue to have contracted lines and funds placed at their disposal that does not use significant amounts in. Moreover, the group instead the cost focused on liquidity risk and increased funding for medium and long term that resulted in replacement of short term lines up with some surplus for the creation of applications. Management of liquidity risk also involves maintaining a comfortable level of financial resources available. The Group ended the year with about 28 million in financial resources available, 24 millions of it in time deposits which represents a slight increase face to the year-end 2010, and represent about 50% of the liability remunerated.

e) Capital risk

The company seeks to maintain a level of equity capital that suits the characteristics of its main business (cash sales and supplier credit) and to ensure continued expansion. The balance of capital structure is monitored based on the ratio of leverage (defined as net interest bearing debt / (net interest bearing debt + equity)) with the aim of within the range 35% -70%. By prudently address the constraints of existing markets in 2011, we record a ratio of 20%.

Environmental

Management of this risk area is coordinated by the Quality Division. Its main focus is on implementing the policy deriving from the Ibersol Sustainability Principles, so that the processes and procedures across all hierarchic levels can be applied to the environment. The adoption of good environmental management is a concern of the Board of Ibersol which consists in promoting a responsible and proactive in managing resources and waste.

The procedures dealt with in the Ibersol Standards Manual concerning this area mainly focus on rational electricity usage and recycling used oils.

Contingency

The unpredictable evolution of the financial markets may lead to increased financing costs and credit access problems, although we believe the company will be able to overcome such difficulties. The sharp fall in public consumption in the last quarterly, mainly in Portugal, with reflexion in restaurant sales, makes us provide a very negative trend in sales in 2012. To mitigate the effect on income, the society is to adopt a strict control of costs, a monthly monitoring of market developments and consequent revision of the resource planning to use.
On the other hand, operations in the foodservice area can be affected by eventual epidemics or raw material market distortions or eventual changes in consumption standards, which may significantly impact the financial statements.

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

The board of the company constantly monitors the systems of internal control and risk management company, offering efficient and updated information, assessing current and systematic way for its functioning and adjustment to society's needs, providing the supervisory board all the information you requested.

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

The company has Board of Directors and Statutory Audit Committee regulations about its functioning rules, published in the company's website.
A list of incompatibilities has not been determined, nor has the maximum number of positions directors may accumulate in management bodies of other companies, so far as the company's directors, except for the non-executive director, only exercise executive functions in the companies comprising the Group.

The non-executive member attended board of directors meetings, and he has been timely informed of the respective agenda. He participates, with regularity, in the executive committee reunions, especially those ones over discussion of the strategic and planning of the corporate business. He provides special support to the Management Control function and to the development of personnel in that Department. Permanently, he receives from the management control department, the information that suites him to follow the current activity.

SECTION II – BOARD OF DIRECTORS

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

The Chairman of the Board, exercising executive functions, undertake the necessary coordination mechanisms with other members of the Board, particularly with the non-executive, by means of permanent and direct information, without any constraints that prevent independent and informed decisions.

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

As developed in Section II.5, the unpredictability of developments on financial markets may result in increased financing costs, while from a financial point of view the main risk is that society is exposed to interest rate risk.

Moreover, operating in the food sector, possible epidemics or distortions in the markets for raw materials as well as possible changes in consumption patterns can have significant impacts on economic standpoint.

As for legal risks, they do not take significant dimension to the corporate structure, since it can be considered contained in its various spheres materials, in the normal and low-risk, both in terms of regulatory litigation promoted by public regulatory bodies applicable to the sector activity and it is not noted as relevant judicial litigation or any other extra-judicial litigation, both commercial, employment or other.

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

The powers of the Board are assigned by the Companies Code and those contained in Articles 4, paragraph 2, 8, 11 and 12 of the Association Articles.

Regarding the deliberations of a capital increase, the contract of society in its article 4 paragraph 2 authorizes the Board of Directors to resolve capital increase of up to one hundred million euros.

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

The policy of rotation of functions on the Board, including the responsibility for financial matters and the rules governing the appointment and replacement of members of the administration and supervision under the Companies Code, still follows the understanding that such requirement will apply to the end of two terms from the date of beginning of validity of the recommendation contained in section II.2.5 of the Code of Corporate Governance in its previous wording (the latter with effect from September 2007). Thus, such rotation there would at the end of the current term (2009/2012).

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

Also in accordance with the Company articles of association, the Board of Directors normally meets once each quarter and, besides that, any time the Chairman or two of its members summon it; the resulting resolutions should be contained in the respective minutes. The Board of Directors can only deliberate if a majority of its members are present or represented and resolutions will be decided by majority of issued votes. The Board of Directors met ten times and the Statutory Audit Committee five times over the course of financial year 2011.

The Executive Committee regular meets twice a moth, and has met twenty two times in the year 2011. The board of directors and statutory audit committee meeting minutes are contained in the respective books.

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

Refer to the terms of the information provided in the preceding paragraph, noting that the Executive Committee met on 22 occasions in 2011, and provides the minutes to the Board of Directors and the Chairman of the Supervisory Board. Therefore it is not applicable any formal call of these organs.

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

The Board of the Society is composed of three directors and includes a member, Prof. Juan Carlos Vázquez-Dodero, which is a non-executive member not associated with groups of specific interests of the Company or its shareholders, not to have relevant interests which may conflict or interfere with the free exercise of their social mandate, longer referring it was not set up any internal control committee. That member is a director of affiliated companies, in which not exercise executive functions. Not active with the company or business within the meaning of provisions of article 397 paragraphs and Article 398 of the CSC, fulfilling the other requirements for independence of article 414 paragraph 5 of the CSC. The verification requirements of incompatibility, the same non-executive director meets these rules, except for point c) of paragraph 1 of Article 414 -A of the CSC.

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

Such as stated in the previous point, no other criteria are applied beyond the law criteria.

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

The Annual Management Report includes a description of the activity of the non-executive Director, not reporting any constraints.

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

and

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

All members of the Board of Directors exercise functions in management bodies of other companies, as specified next:

António Carlos Vaz Pinto de Sousa

Academic background

- Degree in Law – Faculty of Law at the Coimbra University

- CEOG – Management Course – Catholic University of Oporto

Professional activity

- Chairman of the Board of Directors of Ibersol, SGPS, SA.

- Director of other companies in which Ibersol, SGPS, SA. has a stake

Date of commencement and end of mandate

– 1991 / 2012

Duties carried out in management bodies of other Ibersol Group companies

ASUREBI - Sociedade Gestora de Participações Sociais, S.A.

EGGON – SGPS, S.A.

ANATIR – SGPS, S.A.

CHARLOTTE DEVELOPS, SL

FIRMOVEN - Restauração, S.A.

IBERAKI - Restauração, S.A.

IBERGOURMET - Produtos Alimentares, S.A.

IBERKING - Restauração, S.A.

IBERSANDE - Restauração, S.A.

IBERSOL - Hotelaria e Turismo, S.A.

IBERSOL - Restauração, S.A.

IBERSOL MADEIRA e AÇORES, RESTAURAÇÃO, S.A.

IBERUSA - Hotelaria e Restauração, S.A.

IBERUSA - Central de Compras para a Restauração, ACE

INVERPENINSULAR, SL

MAESTRO - Serviços de Gestão Hoteleira, S.A.

VIDISCO SL. Y LURCA S.A.. Union Temporal de Empresas

VIDISCO, SL

LURCA, S.A.

IBR – Imobiliária, S.A.

QRM – Projectos Turísticos, S.A.

RESTOH – Restauração e Catering, S.A.

JOSÉ SILVA CARVALHO – Catering, S.A.

SUGESTÕES E OPÇÕES – Actividades Turísticas, S.A.

SOLINCA EVENTOS E CATERING, S.A.

IBERSOL ANGOLA, S.A.

Manager

FERRO & FERRO, Lda.

RESTMON (Portugal) - Gestão e Exploração de Franquias, Lda.

Parque Central da Maia - Actividades Hoteleiras, Sociedade Unipessoal, Lda.

Duties carried out in management bodies of companies outside the Ibersol Group:

ATPS – Sociedade Gestora de Participações Sociais, S.A.
ATPS II, SGPS, S.A.

MBR, IMOBILIÁRIA, S.A.

CHEF GOURMET, S.A.

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

POLIATLÂNTICA, S.A.

PLASTEUROPA- Embalagens, S.A.

Number of directly or indirectly held shares in IBERSOL SGPS, S.A.

1.400 representative shares of the sharecapital of IBERSOL SGPS, S.A.

3.384.000 representative shares of the sharecapital of ATPSII, SGPS (50% of the share capital)

ATPS II, SGPS, S.A. holds 5,680 representative shares of 50.04% of the share capital of ATPS, SGPS, S.A.

ATPS, SGPS, S.A. at 31st December 2011 held 786,432 representative shares of the share capital of IBERSOL SGPS, S.A., and 2,455,000 representative shares of 100% of the IES – Indústria Engenharia e Serviços, SGPS, S.A.

On 31/12/2011, IES – Indústria, Engenharia e Serviços, SGPS, S.A., held 9.998.000 representative shares of the capital of IBERSOL SGPS, S.A.

António Alberto Guerra Leal Teixeira

Academic background

- Degree in Economics – Faculty of Economics, Oporto University

Professional activity

- Vice-Chairman of the Board of Directors of IBERSOL SGPS, S.A.

- Director of other companies in which IBERSOL SGPS, S.A. has a stake

Date of commencement and end of mandate

– 1997 / 2012

Duties carried out in management bodies of other Ibersol Group companies

ASUREBI - Sociedade Gestora de Participações Sociais, S.A.

EGGON – SGPS, S.A.

ANATIR – SGPS, S.A.

CHARLOTTE DEVELOPS, SL

FIRMOVEN - Restauração, S.A.

IBERAKI - Restauração, S.A.

IBERGOURMET - Produtos Alimentares, S.A.

IBERKING - Restauração, S.A.

IBERSANDE - Restauração, S.A.

IBERSOL - Hotelaria e Turismo, S.A.

IBERSOL - Restauração, S.A.

IBERSOL MADEIRA e AÇORES, Restauração, S.A.

IBERUSA - Hotelaria e Restauração, S.A.

IBERUSA – Central de Compras para a Restauração, ACE

INVERPENINSULAR, SL

MAESTRO - Serviços de Gestão Hoteleira, S.A.

VIDISCO SL. Y LURCA S.A.. Union Temporal de Empresas

VIDISCO, SL

LURCA, S.A.

IBR – Imobiliária, S.A.

QRM – Projectos Turísticos, S.A.

RESTOH – Restauração e Catering, S.A.

SUGESTÕES E OPÇÕES – Actividades Turísticas, S.A.

SOLINCA EVENTOS E CATERING, S.A..

IBERSOL ANGOLA, S.A.

Manager

FERRO & FERRO, Lda.

RESTMON (Portugal) – Gestão e Exploração de Franquias, Lda.

Parque Central da Maia - Actividades Hoteleiras, Sociedade Unipessoal, Lda

Duties carried out in management bodies of companies outside the Ibersol Group

ATPS - Sociedade Gestora de Participações Sociais, S.A.

ATPS II, SGPS, S.A.

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

MATEIXA Soc. Imobiliária, S.A.

CHEF GOURMET, S.A.

Number of directly or indirectly held shares in IBERSOL SGPS, S.A.

1,400 representative shares of the sharecapital of IBERSOL SGPS, S.A.

3,384,000 representative shares of the capital of ATPSII, SGPS, S.A. (50% of the share capital).

A ATPS II, SGPS, S.A. holds 5,680 representative shares of 50.04% of the share capital of ATPS, SGPS, S.A.

A ATPS, SGPS, S.A. at 31st December 2011 held 786,432 representative shares of the share capital of IBERSOL SGPS, S.A., and 2,455,000 representative shares of 100% of the IES – Indústria engenharia e Serviços, SGPS, S.A.

On 31/12/2011, IES – Indústria, Engenharia e Serviços, SGPS, S.A., held 9,998,000 representative shares of the capital of IBERSOL SGPS, S.A.

Juan Carlos Vázquez-Dodero

Academic background

- Degree in Law – Universidad Complutense de Madrid

- Degree in Entrepreneurial Sciences – I.C.A.D.E. Madrid

- Master's in Economics and Business Administration – I.E.S.E. Universidade de Navarra

- Doctorate in Business and Administration

- I.E.S.E. Universidade de Navarra

- "Managing Corporate Control and Planning" and "Strategic Cost Management" programmes – Harvard University

Professional activity

- Ordinary Professor at the IESE

- Advisor and consultant to various European and American companies

- Member of the Board of Directors of Ibersol, SGPS, SA

- Director of other companies in which Ibersol, SGPS, SA, has a stake

Date of commencement and end of mandate

- 1999 / 2012

Duties carried out in management bodies of other Ibersol Group companies

IBERUSA - Hotelaria e Restauração, S.A.

IBERSANDE - Restauração, S.A.

IBERSOL - Restauração, S.A.

IBERSOL ANGOLA S.A.

Duties carried out in management bodies of companies outside the Ibersol Group

ATPS - Sociedade Gestora de Participações Sociais, S.A.

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

ATPS II, SGPS. S.A.

Promociones Inmobiliarias Polska, S. A.
FINAVES I, SCRRC, S.A.

Number of directly or indirectly held shares in IBERSOL SGPS, S.A.

Holds no shares of the company.

SECTION III – GENERAL AND SUPERVISORY COUNCIL, COMMITTEE TO THE AUDIT AND FINANCIAL MATTERS, AND SUPERVISORY BOARD

II.21. The identification of the members of the Statutory Audit Committee by listing those members that comply with the incompatibility rules provided for in article 414º-A/1 and the independency criteria provided for in article 414º/5, both from the Commercial Company Code. For this purpose, the Statutory Audit Committee proceeds to its self evaluation.

Statutory Audit Committee:

Chairwoman – Luzia Leonor Borges e Gomes Ferreira

Vice Chairman – Joaquim Alexandre de Oliveira e Silva

Effective Member – António Maria de Borda Cardoso

Alternate Member – Eduardo Moutinho dos Santos

All members of the Statutory Audit Committee fulfill the independence requirements set out in art. 414º section 5 of the CSC and non-existence items of incompatibilities envisaged in art. 414º- A section 1 of the CSC.

All members are entitled with suitable qualifications and professional experience to the performance of it's duties and functions, namely the Chairwoman, Luzia Leonor Borges e Gomes Ferreira, such as described as follows (II.13 and II.14).

It competes to the Statutory Audit Committee, in joint with the Chartered Accountant Firm the company's supervision, namely:

- Accounting politics compliance;

- Supervision of the management risks and internal control system efficiency;

- Supervision of the financial information preparation process and it's disclosure;

- Supervision of the accounting reports.

It also competes to this organ to submit to the annual general meeting the nomination of the Chartered Accountant Firm and to supervise it's independence, namely the matters referred to the additional service render.

The annual report on the activity carried out by the Statutory Audit Committee is subject to disclosure together with the financial statements on the company's internet website.

For all effects the Statutory Audit Committee represents the Company nearby the External Auditor, pursuing the assurance of all the rendered services conditions, being it's interlocutor and receiver of the respective reports, as well as the Board of Directors.

In this document the Statutory Audit Committee refers that meetings were carried out, quarterly, in the presence of the Chartered Accountant Firm and the External Auditor, in which they presented their supervising activity plan and obtained the Statutory Audit Committee accordance, and no constraints were mentioned. This body held its self-evaluation for compliance with independence requirements.

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

and

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

CHAIRWOMAN
Luzia Leonor Borges e Gomes Ferreira

Academic background

- Degree in Law from the Faculty of Law at the Universidade de Coimbra

- Post-graduate degree in European Studies from the Faculty of Law at the UN de Coimbra

- Finances course for non-Financial by the EGP

Professional activity during the last five years

- Director of Legal Counselling of Sonae – SGPS, S.A.

Date of commencement and end of mandate

- 2007 / 2012

Duties carried out in governing bodies of other Ibersol Group companies

Carries out no duties in other Ibersol Group companies

Number of directly or indirectly held shares in IBERSOL SGPS, S.A.

Holds no shares of the company

VICE CHAIRMAN
Joaquim Alexandre de Oliveira e Silva

Academic background

- Degree in Economics from the Faculdade de Economia do Porto (1970)

Professional activity in the last five years

- University teaching

- Fiscal consultancy

Date of commencement and end of mandate

- 2008 / 2012

Duties carried out in governing bodies of other Ibersol Group companies

Carries out no duties in other Ibersol Group companies.

Number of directly or indirectly held shares in IBERSOL SGPS, S.A.

Holds no shares of the company.

EFFECTIVE MEMBER
António Maria de Borda Cardoso

Academic background

- Degree in Economics from the Faculdade de Economia do Porto (1966)

Professional activity in the last five years

- "Sonae Indústria – PCDM, SA." as Director

- Pensioner since 25/10/2005

- Director of "Laminar – Indústria de Madeiras e Derivados, SA." since 29/11/2002

- Partner (not managing) at 50% of the limited company "Borda Cardoso – Assessoria de Negócios, Lda." since 2/12/2005

Date of commencement and end of mandate

- 2007 / 2012

Duties carried out in governing bodies of other Ibersol Group companies

Carries out no duties in other Ibersol Group companies.

Number of directly or indirectly held shares in IBERSOL SGPS, S.A.

Holds no shares of the company.

ALTERNATE MEMBER
Eduardo Moutinho dos Santos

Academic background

- Degree in Law from the Faculty of Law of the UN de Coimbra (1978)

Professional activity in the last five years

- Practices law privately in the County of Porto

Date of commencement and end of mandate

- 2007 / 2012

Duties carried out in governing bodies of other Ibersol Group companies

Carries out no duties in other Ibersol Group companies.

Number of directly or indirectly held shares in IBERSOL SGPS, S.A.

Holds no shares of the company.

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

The supervisory board carries out the annual evaluation of the External Auditor and includes its findings in its report and opinion, issued under and for the purposes of paragraph g) of paragraph 1 of Article 420 of the Companies Code.

IV SECTION – REMUNERATION

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

For setting the remunerations of the Board of Directors members and Statutory Audit Committee there weren´t attended any comparative practices or remuneration policies practiced in other companies' group. It is not defined, as well, any politics over payments for the dismissal or termination, by agreement, of the administrator role.

Regarding the remuneration politic over the Company's Executives, this one is attended in the Board's of Directors Declaration, joined in this Governance Report. There are no important or significant variable components in the remuneration of the executive directors.

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

The Shareholder's Company ATPS-SGPS,SA, has rendered management services to the Group,

having received from the affiliated company Ibersol, Restauração, SA., for the rendered services, the amount of 756,034,00€ in 2011. Among the ATPS - Sociedade Gestora de Participações Sociais, SA. obligations and under the contract terms with Ibersol, Restauração, SA. it is included the obligation of assuring that the Company´s Board of Director's members, António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira perform their functions without any further costs for the company. The Company does not allow, directly, any payment to its executive board of Director´s members. Being ATPS – Sociedade Gestora de Participações Sociais, SA. held, in equal shares, by the board of directors members António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira, from the mentioned amount of 756,034,00€ in 2011, it will correspond to each one of those board of director's members the amount of 378,017,00€. The board of executive directors members do not allow any remuneration from other companies of the Group, neither have pension rights earned in the year in question.
The non-executive member of the board obtained an annual fixed remuneration of 6,000€, and he has not been allowed with any other remunerations, at any title, namely performance bonuses, bonuses, or any additional performance fees, pension supplements and / or any additional payments to the annual amount of 6,000€ which have been provided by the company. Remuneration of Supervisory Board members, overall the year 2011 were as follows: President: - 8,785,92€, Vice-President: - 8,785,92€, Member: - 8,785,92€. SROC: – 32,000,00€.

The Compensation Committee is independent of the Board, being responsible for the submission to the General Assembly annual remuneration policy of the company.

II.32. Information on how remuneration is structured to allow the alignment of interests of members of the board with the delay term interests of society as well as on how it is based on evaluation of performance and discourage the excessive risk taking.

The remuneration policy of Directors is the responsibility of the Remuneration Committee, which will submit to the approval of shareholders of the Company at the Annual General Meeting of 2012, as stated in the Annex I.

The general principles of the policy of remuneration of the Supervisory Board and the General Assembly Board are as follows:

a) Duties performed

Regarding the duties performed by each office--holder in the aforementioned governing bodies, and bearing in mind the nature and activity effectively exercised, as well as the incumbent responsibilities. In the organic/functional sense they will not be in the same position and equal for all members of the Statutory Audit Committee or the General Meeting Board, as well as the Chartered Accountants. The weighting of these functions should obey diverse criteria such as, for example, the responsibility, time spent or the value resulting from a given sort of intervention or institutional representation.

b) Company's economic situation

This criterion will also be a source of interpretation. The size of the company and the degree of functional complexity, in relative terms, will be one of the significant aspects.

II.33. Concerning the remuneration of the Board of Directors executive members:

a) Reference to the fact that the executive director's remuneration includes a variable component and information on how this component depends on the performance evaluation.

Not applicable

b) Indication of the society's organs with the competency to conduct the evaluation of executive's board of directors performance.

The Remuneration Committee evaluates the mentioned performance.

c) Indication of the predetermined criteria for the evaluation of the executive's board of director's performance.

Not applicable.

d) Explanation of the relative importance of variable and fixed components of remuneration of Directors, as well as an indication of the maximum limits for each component.

Not applicable.

e) Indication of the deferment of payment of the variable remuneration component, specifying the period of deferral.

Not applicable.

f) Explanation on how the payment of variable compensation is subject to continued positive performance of the company during the period of deferral.

Not applicable.

g) Sufficient information about the criteria on which the variable remuneration in shares, as well as on the maintenance, by the executive members, the shares of the society they have entered on any contracts relating to such shares, including contracts hedging

(hedging) or risk transfer, its boundary and its relation to the face value of total annual remuneration.

Not applicable, since it does not appear to apply these criteria, and no variable remuneration, or any criteria for retention of company shares, and/or any type of contracts such as the above described.

h) Sufficient information about the criteria on which the award of variable compensation in options and indicate the period of deferral and the exercise price.

There is no variable remuneration.

i) Identification of main parameters and rationale for any annual bonus scheme and any other non-cash benefits.

Not existent.

j) Remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such premiums and/or participation in profits were allowed.

There is no such type of compensation.

l) Compensation paid or owed to former executive directors following the termination of his duties during the year.

There were not been paid or were owed any damages to former executive for the cessation of functions during exercise.

m) Reference to contractual limitation provided for compensation to pay for dismissal without just cause of the board of directors member's and its relationship with the variable component of remuneration.

There is no contractual limitation provided for compensation to pay for dismissal without just cause of the board of director's member's, and it doesn't also exist the indicated relationship with the variable remuneration component (this component variable is not contractually stipulated).

n) Any amounts paid out by other companies in a control or group relation.

There are no other amounts paid in any way by other companies in a control or group relation. As indicated in Chapter 0, Section 04. II.1.5.1, society Shareholder ATPS - Sociedade de Participações Sociais, S.A. provided administration and management services to the group, having received from subsidiary Ibersol, Restauração, S.A., for such services, the amount of 756,034,00 euros in 2011.

o) Description of the main characteristics of supplementary pension or early retirement

for administrators and indicate whether or not subject to the Shareholders General Meeting.

There is no supplementary pension or early retirement for administrators.

p) An estimate of non-cash benefits considered as remuneration not covered above.

There are no non-financial benefits that may be considered as remuneration, allocated to any one the board of directors members.

q) The existence of mechanisms that prevent the executive board of directors members of contracts that undermine the rationale for the variable pay.

Not applicable.

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

The remuneration of non-executive director does not include variable components.

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

The Company has established a policy for receiving communications, or complaints about irregularities occurred in the company. As stated in the Regulations of the Audit Committee reported on the company's website, this body " ...notes written reports of irregularities that have been addressed by promoting, as appropriate, the necessary representations to the administration and auditing on them and draw up its report.". Thus, this kind of irregularities can be communicated non--anonymously to the Audit Committee, by notice to the Company addressed the Board of the Audit Committee. The company will forward the information received to the Chairman of that body, ensuring confidentiality.

V SECTION – SPECIALIZED COMMITTEES

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

There is established a Remuneration Committee comprising three members, Vitor Sevilhano Pratas, Amândio Mendonça da Fonseca and Don Alfonso Munk Pacin.

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

The Remuneration Committee meets regularly and annually, for a time, and draw up the minutes thereof.

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

Particular member of the Remuneration Committee, Dr. Amândio Mendonça da Fonseca, has knowledge and experience in the mentioned areas.

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

The Members of the Remuneration Committee are independent members face to the Board of Directors, and it has not been hired to support the Remuneration Committee any natural or legal person that, in the last three years, has provided services to any structure subject of the Board of Directors, to the Board of Directors of the company itself, or is otherwise connected with the current consultant to the company.

CHAPTER III – INFORMATION AND AUDITING

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

The share capital of Ibersol, SGPS, SA., is represented by 20,000,000 common nominative shares, each with a face value of 1 euro; the rights and duties inherent to all the shares are equal.

The capital is composed of a total of 20,000,000 shares, in the form of scriptural representation, corresponding to equal total face value in euros; all are negotiable on Euronext Lisbon with the code PTIBS0AM0008.

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

The qualified holdings as at 31/12/2011 are presented in the following table:

ACCIONISTA		Nº ACÇÕES	% CAPITAL SOCIAL
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 participação detida/imputável	**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 participação detida/imputável	**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 participação detida/imputável	**2,850,777**	**14.25%**
The Goldman Sachs Group, Inc			
	Directamente	21,285	0.11%
	Goldman, Sachs &Co	402,000	2.01%
	Total participação detida/imputável	**423,285**	**2.12%**
Norges Bank			
	Directamente	887,114	4.44%
FMR LLC			
	Fidelity Managemment & Research Company	400,000	2.00%

* ATPS II - SGPS, SA. is withheld in 50% by António Carlos Vaz Pinto de Sousa, and in 50% by António Alberto Guerra Leal Teixeira

On 12/31/2011 Ibersol, SGPS, SA., held 2,000,000 own shares, corresponding to 10% of the share capital, with a global value of purchasing of 11,179,643,00 euros.

During the financial year of 2011 the company made no transactions of it's own shares.

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

At Ibersol, SGPS, SA, there are no shareholders or shareholder categories that hold special rights.

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

At Ibersol, SGPS, SA., there are no restrictions of any kind on share transfer or ownership.

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

The company is unaware of the existence of any shareholder agreement that may lead to restrictions in the matter of transfer of securities or voting rights.

III.6. Rules applicable to the amendment of the articles of association.

At Ibersol, SGPS, SA., there are no special rules concerning the amendment of its statutes. The general system resulting from the Commercial Companies Code shall be applicable.

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

At Ibersol, SGPS, SA., there are no mechanisms for employee participation in its capital.

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

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

b) The outcome announcement;

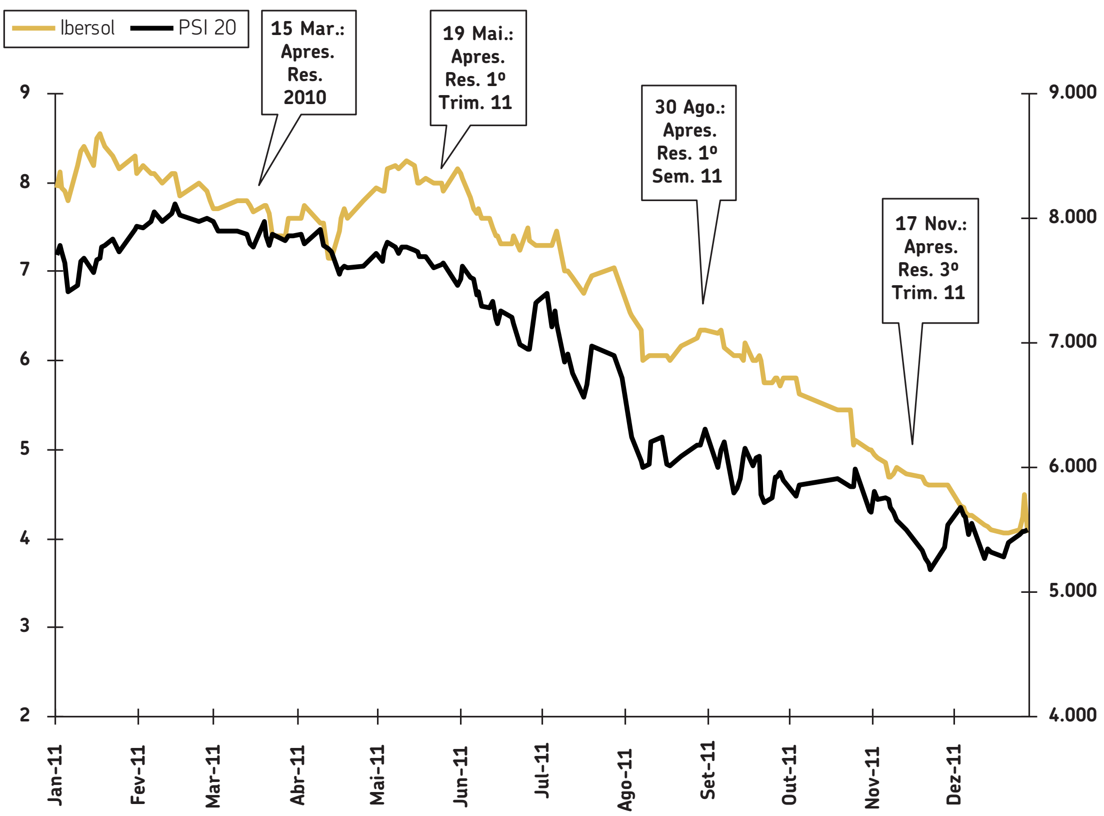
c) The dividend payment for each share category including the net value per share.

In the year 2011, the shares of Ibersol SGPS, SA., registered a devaluation of 50% face to a devaluation of PSI 20 of 27.6%. The maximum value of €8,59 per share was attained on the 19th January 2011, and the minimum value of €4,05 per share was attained on the 14th December 2011. The highest number of shares traded in one session was on the 1st March 2011, when 83,213 shares were negotiated.

1,120,042 Ibersol shares were traded during the year, corresponding to a value of 8,040,800 Euros. The average volume was 6,707 shares per day and the average price was €7,18 per share.

The stock market capitalization on 31 December 2011 was 81,2 million Euros.

The below graph indicates the evolution of the company's share quotation, identifying the most relevant occurrences during the year:



During the year 2011 there was no emission of shares or of other securities.

The dividends for financial year 2010 were paid as from the 11th May 2011. A gross value of €0,0550 per share was paid, which in net terms represented a value of €0,0432 per share.

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

The dividends policy is the responsibility of the Board of Directors and depends on various factors, including the Ibersol results, investment plans, financing needs and business evolution prospects. If no abnormal circumstances occur the policy of previous years distribution policy of 0,055€ per share will be maintained.

The dividend history for the past years is set out below:

ANO	2008	2009	2010	2011*
Dividendo por acção (euros)	0,055	0,055	0,055	0,055
Dividendos distribuídos (milhares de euros)	990,00	990,00	990,00	990,00
Dividend Yield (%)	0.8%	0.7%	0.7%	0.8%
Pay out ratio	9.0%	8.0%	6.8%	16.2%

* Proposal to be approved at the next General Meeting of Shareholders

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

Details shall also include the following:

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

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

c) The general meetings' appraisal of the plans adopted or in force during the period in question.

No plans to attribute shares and stock acquisition options are in effect.

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

There are no business dealings or operations that are significant in economic terms for any of the intervening parties.

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

There were no such businesses or operations.

III.13. Description of the procedures and criteria for intervention by the supervisory body for the purpose of preliminary assessment of the business to be held between the company and holders of qualifying holdings or entities

with whom they are in any relationship, in accordance with article 20 of the Securities Code.

The Supervisory Board approved the criteria for its intervention for the purpose of preliminary assessment of the business to be held between the company and holders of qualifying holdings or entities with whom they are related in terms of Clauses 20 of the Securities Code, and set as a qualifying criteria a transaction value equal or superior to five percent of consolidated net assets of IBERSOL SGPS, S.A.

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

It was not reported to the Audit Committee any transaction or business of the indicated type.

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

This Report of the Audit Committee is available on the company website on the internet.

III.16. Reference to an Investor Assistance Unit or a similar service, describing:

a) the role of the office;

b) type of information made available;

c) access means to the office;

d) the company's website;

e) the market liaison officer's credentials.

In the strict observance of the legal and regulatory provisions, the company as a rule to immediately inform its shareholders and the capital markets in general of relevant facts of its activity, with the purpose to avoid time lapses between the occurrence and disclosure of those facts; this commitment with the market has been reiterated over the course of time and its persistent practice over the years confirmed.

This disclosure is achieved by publication on the Securities Commission's website (www.cmvm.pt), on the company's website (www.ibersol.pt) and additionally by means of electronic information disclosure by the market management body.

The company's website contains the communiqués issued, the institutional presentation, the annual reports and accounts, and the communication of results. The information on annual reports and accounts and results is updated quarterly.

In order to enable more interaction between shareholders and investors the page also includes a chapter devoted to investors, which contains:

- Identification of the person in charge of investor relations and the address to contact same;

- Annual, Half-yearly and Quarterly Reports and Consolidated Accounts, for the last two years;

- Annual Events Calendar;

The summons for the Annual General Meeting;

- The proposals to present at the Annual General Meeting.

Contact with the Office is through the capital market representative, António Carlos Vaz Pinto de Sousa (Telephone: +351 22 6089708; Fax: +351 22 6089757; Email: psousa@ibersol.pt, Address: Praça do Bom Sucesso, 105/159 – 9th floor, 4150–146 Porto).

Ibersol SGPS maintains permanent relations with analysts and investors, supplying them with up--to-date information. It also provides explanations about relevant occurrences in company life, disclosed in the format imposed by law, whenever so requested.

The documents on the annual, half-yearly and quarterly accounts statements, as well as the half--yearly updates of the institutional presentations, are sent by email to all shareholders, investors, analysts, financial bodies and journalists who, with proper credentials, have requested the same.

The company considers that it thus assures a permanent contact with the market, respecting the principle of shareholder equality and preventing asymmetries in investors' access to information.

Regarding the information conveyed to the market, the following communiqués were published during the year 2011:

PRIVILEGED INFORMATION

15/03/2011	Presentation of results of financial year 2010
31/03/2011	2011 Financial Calendar
11/04/2011	Resolutions taken in the General Meeting

RENDERING OF ACCOUNTS

18/03/2011	2010 Report and Individual and Consolidated Accounts to approve in Gen. Meeting
11/04/2011	Extract of G.M. minutes and approval of 2010 Report and Accounts
19/05/2011	Quarterly information – 1st quarter 2011
30/08/2011	Report and Individual and Consolidated Accounts - 1st half-year 2011
17/11/2011	Quarterly information – 3rd quarter 2011

MEMBERS OF CORPORATE BODIES

10/08/2011	Change the Representative of the Auditor

INFORMATION ON CORPORATE GOVERNANCE

18/03/2011	Corporate Governance Report – financial year 2010

DIVIDENDS

21/04/2011	Payment of year 2010 dividends

QUALIFYING HOLDINGS

28/01/2011	Qualifying holding Fidelity
06/07/2011	Change of the Qualifying holding Kabouter

TRANSACTION OF OWN SHARES

11/04/2011	G. Meeting deliberation to authorize acquisition of own shares

SUMMONS

18/03/2011	Annual General Meeting and Proposals

ANNUAL SUMMARY OF DISCLOSED INFORMATION

18/03/2011	2011 Information Summary

III.17. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services:

a) Statutory account review services;

b) Other audit reliability services;

c) Tax consulting services;

d) Other non-statutory auditing services.

A description of the auditor's independency safeguarding measures is required, should the auditor provide any of the services described in sub-paragraphs c) and d).

For this purpose, the concept of network is the one stated in the European Commission Recommendation nº C (2002) 1873, 16 May.

The company's auditor is PriceWaterhouseCoopers, which in 2011 invoiced the company and its subsidiaries and associates included in the consolidation perimeter the total value of 200,345,00 euros, for:

- Auditing and legal certification services	173,235€	(86%)
- Services rendered in the SNC conversion	10,000€	(5%)
- Other Consultancy services	17,070€	(9%)

The external auditor shall examine, within its competence, the implementation of policies and systems of remuneration, the efficiency and functioning of internal control mechanisms and reports any deficiencies to the Statutory Audit Committee.

Regarding compliance with the independence rules established with respect to the External Auditor, the Statutory Audit Committee monitored the rendering of non-auditing services with the purpose to ensure that no conflict of interest situations existed. By the External Auditor it was developed in Ibersol Group a training program over the appliance of the System Accounting Standards and rendered support to the conversion to this new accounting system to the Portuguese companies of the IbersolGroup. This service took less than 30% of the total value of services rendered to society.

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

The rotation period will be of two terms of office, each one of four years.

(Contains 2 Annexes)

Oporto, March 16th, 2012
The Board of Directors

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero

ANNEX I

REMUNERATION COMMITTEE

REMUNERATION COMMITTEE'S STATEMENT UPON THE STATUTORY BODIES REMUNERATION POLICY OF IBERSOL, SGPS, S.A. TO BE SUBMITTED TO THE ANNUAL GENERAL MEETING THE 13th APRIL 2012

1. According to the competence that is committed to this Committee by the Shareholders General Meeting of Ibersol SGPS, SA., under the article 26.º n º 2 of the Association Articles, this Committee has the responsibility to determine the statutory bodies member's remunerations.

2. Under the applicable statutory terms, the Remuneration Committee was nominated by the 22nd April 2009 by the Shareholders General Meeting, being composed by three members, who are independent members from the management and supervisory company's bodies.

3. Complying with II.1.5.2 Recommendation of Corporate Governance Code of CMVM, the Remuneration Committee submits to the appreciation of the General Meeting the following statement, regarding the guide lines observed by this Committee over the remunerations of the Supervisory Bodies and the Board of the General Meeting, according to the resolution issued in 2009:

a) The Board of the General Meeting's remuneration for 2011 was settled in an annual fixed amount issued twelve moths a year.

b) The Shareholder's Company ATPS-SGPS, SA, has rendered management services to the Group, having received from the affiliated company Ibersol, Restauração, SA., for the rendered services, the amount of 756,034,00€ in 2011. Among the ATPS - Sociedade Gestora de Participações Sociais, SA.obligations and under the contract terms with Ibersol, Restauração, SA. it is included the obligation of assuring that the Company´s Board of Director's members, António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira perform their functions without any further costs for the company. The Company does not allow, directly, any payment to it's executive board of Director´s members. Being ATPS – Sociedade Gestora de Participações Sociais, SA. held, in equal shares, by the board of directors members António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira, from the mentioned amount of 756,034,00€ in 2011, it will correspond to each one of those board of director's members the amount of 378,017,00€. The non executive member of the board obtained an annual remuneration of 6,000€. So, it is not possible to issue a declaration over the remuneration policy of the Company's Board of Director's members, namely with the information referred to in 2nd article number 3 of 28/2009 Law.

c) The Statutory Audit Committee's remuneration for 2011 was settled in an annual fixed amount, issued twelve moths a year.

The general principles observed are mainly the legal ones, attending the activities effectively performed by the mentioned members, regarding the company's economic performance and the conditions that are generally attended in equal positions. The functions in analyses were considered taking in order each one of those members and it's effective activities, having for evaluative parameter the degree of responsibility which they are assigned to. So, the functions consideration is meant in a wide sense, attending to distinct factors, such as the level of the committed responsibility, expended time, and the value increased to the group by it's institutional performance. The company's dimension and the level of complexity related to the nominated functions, is, also, a relevant criteria. The consideration of all mentioned factors and the evaluation of each one of them, allows us to assure, not only the statutory body member's benefits, but also, namely, the company's benefit.

The remuneration policy submitted to the shareholders complies with the criteria above mentioned, consisting in an annual gross fixed amount issued monthly to the mentioned members until the year-ends results. In the settlement of the remunerations, the general principles above described were attended: functions performed by them, company's performance and comparative criteria to equal level functions.

Oporto, March 16th, 2012

Remuneration Committee,

Vítor Pratas Sevilhano

Amândio Mendonça da Fonseca

Don Alfonso Munk Pacin

ANNEX II

BOARD OF DIRECTOR'S STATEMENT UPON THE REMUNERATION POLICY OF IBERSOL, SGPS, S.A. DIRECTORS

1. According to the competence established under article 11º of IBERSOL, SGPS, SA. Association Articles, the Board of Directors has the responsibility to determine the general remuneration policy and incentives for the Company's Directors positions and also, for all the administrative and technician personnel.

2. Under the terms of number 3 of the article 248º-B Securities Code, Directors are, besides Management and Supervisory Bodies members, those who have regular access to privileged information and take part in the company's decisions upon management and negotiation strategy.

3. According to CMVM Recommendations upon publicly listed companies' corporate governance, and to promote transparency, in order to comply with Recommendations of Corporate Governance, the Board of Directors submits to this General Meeting this statement with the guidelines observed to determine the mentioned remunerations, as follows:

a) The remuneration policy adopted for Ibersol's Directors matches with the policy determined to generality of the Company's employees;

b) However, the Company's Directors remuneration contains a fixed remuneration and, an eventual performance bonus;

c) The evaluation of the performance quality and the performance bonus are established according determined criteria previously defined by the Board of Directors;

d) Therefore, behaviour factors of each Director, namely, specific competencies to the function, its level of responsibility, ability to adjust to company's management and procedures, autonomy level of individual performance, will be attended to determine an eventual performance bonus, being also considered the technical and/or the financial-economic performance in the Directors' business sector, as well as the financial/economic performance of IBERSOL.

Oporto, March 16th, 2012
Board of Directors.

CONSOLIDATED

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ON 31 DECEMBER 2011 AND 31 DECEMBER 2010 (values in euros)

ASSETS	Notes	12/31/11	12/31/10
Non-current			
Tangible fixed assets	2.5 and 8	123,224,419	121,039,747
Consolidation differences	2.6 and 9	43,034,262	42,903,548
Intangible assets	2.6 and 9	16,205,541	17,636,188
Deferred tax assets	2.14 and 17	1,054,915	606,486
Financial assets available for sale	2.8 and 10	733,685	1,004,417
Other non-current assets	2.10 and 11	1,710,740	1,740,203
Total non-current assets		**185,963,562**	**184,930,589**
Current			
Stocks	2.9 and 12	3,590,104	4,169,134
Cash and cash equivalents	2.11 and 13	29,316,069	29,361,466
Other current assets	2.10 and 14	8,879,845	13,756,416
Total current assets		**41,786,018**	**47,287,016**
Total Assets		**227,749,580**	**232,217,605**
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to shareholders			
Share capital	2.12 and 15	20,000,000	20,000,000
Own shares	2.12 and 15	-11,179,644	-11,179,644
Consolidation differences		156,296	156,296
Reserves and retained results	15	95,293,425	80,921,301
Net profit in the year		6,125,138	14,563,886
		110,395,215	104,461,839
Non-controlling interest	15	4,449,991	4,870,772
Total Equity		**114,845,206**	**109,332,611**

EQUITY AND LIABILITIES	Notes	12/31/11	12/31/10
LIABILITIES			
Non-current			
Loans	2.13 and 16	44,331,622	46,452,224
Deferred tax liabilities	2.14 and 17	10,820,760	10,647,703
Provisions for other risks and charges	2.15 and 18	33,257	33,257
Other non-current liabilities	19	420,552	353,400
Total non-current liabilities		**55,606,191**	**57,486,584**
Current			
Loans	2.13 and 16	13,313,341	15,119,384
Accounts payable to suppl. and accrued costs	20	29,712,622	29,728,072
Other current liabilities	21	14,272,220	20,550,953
Total current liabilities		**57,298,183**	**65,398,409**
Total Liabilities		**112,904,374**	**122,884,994**
Total Equity and Liabilities		**227,749,580**	**232,217,605**

The Board of Directors,

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDING ON DECEMBER 31 OF 2011 AND 2010 (values in euros)

	Notes	12/31/11	12/31/10
Operating Income			
Sales	2.16 and 6	193,738,152	210,970,961
Rendered services	2.16 and 6	784,993	1,122,952
Other operating income	24	3,635,519	3,836,468
Total operating income		**198,158,664**	**215,930,381**
Operating Costs			
Cost of sales		43,839,992	46,006,474
External supplies and services	22	63,658,074	67,106,290
Personnel costs	23	65,087,845	68,097,200
Amortisation, depreciation and impairment losses	8 and 9	12,894,484	11,025,848
Other operating costs	24	2,253,052	2,404,621
Total operating costs		**187,733,447**	**194,640,433**
Operating Income		**10,425,217**	**21,289,948**
Net financing cost	25	-1,234,680	-1,482,825
Pre-tax income		**9,190,537**	**19,807,123**
Income tax	26	2,640,900	4,807,070
After-tax income		**6,549,637**	**15,000,053**
Other income		-	-
Total income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**6,549,637**	**15,000,053**

	Note	12/31/11	12/31/10
Profit attributable to:			
Shareholders of parent company		6,125,138	14,563,886
Non-controlling interest		424,499	436,167
		6,549,637	15,000,053
Total comprehensive income attributable to:			
Shareholders of parent company		6,125,138	14,563,886
Non-controlling interest		424,499	436,167
		6,549,637	15,000,053
Earnings per share	27		
Basic		0,34	0,81
Diluted		0,34	0,81

The Board of Directors,

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH TRIMESTER OF 2011 AND 2010 (values in euros)

		4th TRIMESTER	
	Notes	2011	2010
Operating Income			
Sales		48,207,142	54,506,738
Rendered services		188,699	251,637
Other operating income	24	1,021,978	818,183
Total operating income		**49,417,819**	**55,576,558**
Operating Costs			
Cost of sales		11,127,221	12,071,776
External supplies and services	22	15,917,229	16,797,722
Personnel costs	23	15,933,294	17,431,861
Amortisation, depreciation and impairment losses		5,650,228	3,299,145
Other operating costs	24	1,138,834	996,956
Total operating costs		**49,766,806**	**50,597,460**
Operating Income		**-348,987**	**4,979,098**
Net financing cost	25	-183,269	-383,566
Pre-tax income		**-532,256**	**4,595,532**
Income tax	26	-28,801	684,148
After-tax income		**-503,455**	**3,911,384**
Other income			
Total income			

	Notes	4th TRIMESTER 2011	2010
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-503,455	3,911,384
Profit attributable to:			
Shareholders of parent company		-759,417	3,615,884
Non-controlling interest		255,962	295,500
		-503,455	3,911,384
Total comprehensive income attributable to:			
Shareholders of parent company		-798,194	3,615,884
Non-controlling interest		294,739	295,500
		-503,455	3,911,384
Earnings per share	27		
Basic		-0,04	0,20
Diluted		-0,04	0,20

The Board of Directors,

STATEMENT OF ALTERATIONS TO THE CONSOLIDATED EQUITY FOR THE YEARS ENDING ON 31 DECEMBER OF 2011 AND 2010 (values in euros)

	Note
Balance on 1 January 2010	
Application of the consolidated profit from 2009:	
Transfer to reserves and retained results	
Net consolidated income in the year ending on 31 December 2010	
Total consolidated income	
Transactions with capital owners in the period	
Application of the consolidated profit from 2009:	
Paid dividends	29
Acquisition / (sale) of own shares	15
Balance on 31 December 2010	
Balance on 1 January 2011	
Application of the consolidated profit from 2010:	
Transfer to reserves and retained results	
Insertion of Ibersol Angola	
Conversion reserves - Angola	
Change % non-controlling interest IBR Imobiliária	
Net consolidated income in the year ending on 31 December 2011	
Total consolidated income	
Transactions with capital owners in the period	
Application of the consolidated profit from 2010:	
Paid dividends	29
Acquisition / (sale) of own shares	15
Balance on 31 December 2011	

ATTRIBUTABLE TO SHAREHOLDERS						
Share Capital	Own Shares	Reserv. & Retained Results	Net Profit	Total	Non-controlling interest	Total Equity
20,000,000	-11,179,644	67,506,122	14,561,475	90,887,953	4,434,605	95,322,558
		13,571,475	-13,571,475	-		-
			14,563,886	14,563,886	436,167	15,000,053
-	-	13,571,475	992,411	14,563,886	436,167	15,000,053
			-990,000	-990,000		-990,000
				-		-
-	-	-	-990,000	-990,000	-	-990,000
20,000,000	-11,179,644	81,077,597	14,563,886	104,461,839	4,870,772	109,332,611
20,000,000	-11,179,644	81,077,597	14,563,886	104,461,839	4 870 772	109,332,611
		13,573,886	-13,573,886	-		-
		-37,429		-37,429		-37,429
		-9,614		-9,614		-9,614
		845,281		845,281	-845,281	-
			6,125,138	6,125,138	424,499	6,549,637
-	-	14,372,124	-7,448,748	6,923,376	-420,782	6,502,594
			-990,000	-990,000		-990,000
				-		-
-	-	-	-990,000	-990,000	-	-990,000
20,000,000	-11,179,644	95,449,721	6 125,138	110,395,215	4,449,990	114,845,205

The Board of Directors,

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDING ON 31 DECEMBER 2011 AND 2010 (values in euros)

		Years ending on December 31	
	Note	2011	2010
Cash Flows from Operating Activities			
Flows from operating activities (1)	30	19,171,328	29,667,895
Cash Flows from Investment Activities			
Receipts from:			
Financial investments			
Tangible assets		19,323	257,716
Intangible assets			5,807
Investment benefits			
Interest received		1,290,661	277,023
Dividends received			
Other			
Payments for:			
Financial Investments		114,151	493,251
Tangible assets		10,827,055	12,624,602
Intangible assests		751,007	985,192
Other			
Flows from investment activities (2)		-10,382,228	-13,562,499

	Note	Years ending on December 31 2011	2010
Cash flows from financing activities			
Receipts from:			
Loans obtained		11,853,898	11,000,000
Sale of own shares			
Other			
Payments for:			
Loans obtained		16,701,378	6,794,477
Amortisation of financial leasing contracts		1,589,456	1,963,408
Interest and similar costs		2,445,990	1,742,025
Dividends paid		990,000	1,183,500
Capital reductions and supplementary entries			
Acquisition of own shares			
Other			
Flows from financing activities (3)		-9,872,926	-683,410
Change in cash & cash equivalents (4)=(1)+(2)+(3)		-1,083,826	15,421,986
Perimeter changes effect		214,743	
Exchange rate differences effect		-110,674	
Cash & cash equivalents at the start of the period		29,239,847	13,817,861
Cash & cash equivalents at end of the period	13	**28,481,438**	**29,239,847**

The Board of Directors,

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING ON 31 DECEMBER 2011
(Values in euros)

1. INTRODUCTION

IBERSOL, SGPS, SA ("Company" or "Ibersol") has its head office at Praça do Bom Sucesso, Edifício Península n.º 105 a 159 – 9º, 4150-146 Porto, Portugal. Ibersol's subsidiaries (jointly called the Group), operate a network of 419 units in the restaurant segment through the brands Pizza Hut, Pasta Caffé, Pans & Company, Kentucky Fried Chicken, Burguer King, O' Kilo, Bocatta, Café Sô, Quiosques, Pizza Móvil, Flor d'Oliveira, Sol, Sugestões e Opções, José Silva Carvalho, Catering and Solinca Eventos e Catering. The group has 395 units which it operates and 24 units under a franchise contract. Of this universe, 102 are headquartered in Spain, of which 79 are own establishments and 23 are franchised establishments.

Ibersol is a public limited company listed on the Euronext of Lisbon.

2. MAIN ACCOUNTING POLICIES

The main accounting policies applied in preparing these consolidated financial statements are described next.

2.1. Presentation basis

These consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS), as applied in the European Union and in force on 31 December 2011.

The accounting policies applied on 31 December 2011 are identical to those applied for preparing the financial statements of 31 December 2010.

2.2. Consolidation

(a) Subsidiaries

Shareholdings in companies in which the group directly or indirectly holds more than 50% of the voting rights or has the power to control their financial and operational activities (definition of control used by the group) were included in these consolidated financial statements through the full consolidation method. Equity and net profit of these companies assigned to third-party shareholdings are presented separately in the "non-controlling interests" item in the consolidated statement of financial position and of comprehensive income. The companies included in the financial statements are listed in Note 5.

When losses attributable to non-controlling interests exceed the non-controlling interest in a subsidiary company's equity, the group absorbs that difference and any additional losses, except when the respective minority interests have the obligation and capacity to cover those losses. If the subsidiary reports profits in later periods, the group appropriates those profits in the amount necessary to recover the said minority losses that had been absorbed by the group.

The purchase method is used to account the acquisition of subsidiaries that occurred before 2010. The acquisition cost corresponds to the fair value of the delivered goods, capital issued instruments and liabilities incurred or assumed on the acquisition date. The identifiable acquired assets and the liabilities and contingent liabilities taken into account in a corporate concentration will initially correspond to the fair value on the acquisition date, regardless of whether there are non-controlling interests. The positive difference between the acquisition cost and the fair value of the group's stake in the acquired and identifiable net assets is recorded as a consolidation difference. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the consolidated statement of comprehensive income (see Note 2.5).

For the acquisition of subsidiaries that occurred after 1 January 2010 the Group has applied revised IFRS 3. Accordingly to witch the purchase method continues to be applied in acquisitions, with some significant changes:

(i) All amounts which comprise the purchase price are valued at fair value, with the option of measuring, transaction by transaction, the "non-controlled interests" by the proportion of the value of net assets of the acquired entity or the fair value of assets and liabilities acquired.

(ii) All costs associated with acquisition are recorded as expenses.

Also has been applied since 1 January 2010 the revised IAS 27, which requires that all transactions with the "non- controlling interest" are recorded in equity, when there is no change in control of the entity, there is no place to record goodwill or gains or losses. When there is a loss of control exercised over the entity, any remaining interest on the principal is remeasured at fair value, and a gain or loss is recognized in the results of the exercise.

Balances and gains arising from transactions between group companies are eliminated. Losses not realised are also eliminated, except when the transaction reveals that a transferred asset is subject to impairment. The subsidiaries' accounting policies are altered whenever necessary to ensure consistence with the group's policies.

(b) Jointly controlled companies

The financial statements of jointly controlled companies were included in these consolidated financial statements by the proportional consolidation method, as of the date on which the joint control is acquired. According to this method, these companies' assets, liabilities, income and costs were included in the annexed consolidated financial statements, item by item, in the proportion of the control assigned to the group. The Group acknowledges his share of losses and gains on assets sold to the jointly controlled companies payable to other investors. The Group doesn't acknowledge his share of losses and gains on assets sold to the jointly controlled companies payable to the Group until these assets are sold outside the Group. However a lost in these transactions is immediately recognise if it indicates a liquid asset reduction or impairment. Transactions, balances and dividends paid among group companies and jointly controlled companies are eliminated in the proportion of the control assigned to the group. The excess acquisition cost compared with the fair value of the identifiable assets and liabilities on the acquisition date of a jointly controlled company is recognised as a consolidation difference.

Jointly controlled companies are listed in Note 5.

2.3. Report per segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The group's head office – which also houses the largest operating company is located in Portugal. Its business activity is in the restaurant segment.

The Group operates in three main geographic areas (Portugal, Spain and Angola) managed on a national level. However in this financial report we consider only two segments, given the small size of investment in Angola and the fact that the Group has not yet opened restaurants in Angolan territory, in the year ended December 31, 2011.

Sales are broken down based on the country where the client is located.

The segments' assets include, in particular, tangible fixed assets, intangible assets, stocks, accounts receivable and liquid funds. This category excludes deferred taxes, financial investments and derivatives held for negotiation or to cover loans.

The segments' liabilities are operating liabilities. They exclude factors such as taxes, loans and related hedging derivatives.

Investments include additions to tangible fixed assets (Note 8) and intangible assets (Note 9).

Investments are distributed based on the location where the respective assets are located.

2.4. Currency exchange rate

(a) Working currency and financial statement currency

The Financial Statements of each group entity are prepared using the currency of the region in which the entity operates ("the working currency"). The consolidated financial statements are presented in euros since this is the working currency which the group uses in the financial statements.

(b) Transactions and balances

Transactions in currencies other than the euro are converted into the working currency using the exchange rates on the transaction date. Exchange rate gains or losses from liquidating transactions and from the conversion rate on the consolidated statement of financial position date of monetary assets and liabilities in a currency other than the euro are recognised in the Profit and Loss Account, except when they are qualified as cash flow hedging or as net investment hedging, in which case they are recorded in equity.

(c) Financial statements

Financial statements assets and liabilities of foreign entities are converted to euro using the exchange rates at the balance sheet date, profit and loss as well as the cash flows statements are translated into euro using the average exchange rate recorded during the period. The resulting exchange difference is recorded in equity under the heading of exchange rate differences.

"Goodwill" and fair value adjustments arising from the acquisition of foreign entities are treated as assets and liabilities of that entity and translated into euro according to the exchange rate at the balance sheet date.

When a foreign entity is disposed, the accumulated exchange rate difference is recognised in the income statement as a gain or loss on disposal.

Currency exchange rate used for conversion of the transactions and balances denominated in Kwanzas, were respectively:

AOA: 130,531
AOA: 123,594

2.5. Tangible Fixed Assets

Buildings and other structures include own properties assigned to the restaurant activities and expenses on works at third-party properties, in particular those required for setting up restaurant shops.

Tangible fixed assets are shown at the acquisition cost, net of the respective amortisation and accumulated impairment losses.

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.

Depreciation of assets is calculated by the equal annual amounts method in order to allocate its cost at its residual value, according to its estimated lifetime, as follows:

- Buildings and other structures:	12-50 years
- Equipment:	10 years
- Tools and utensils:	4 years
- Vehicles:	5 years
- Office equipment:	10 years
- Other tangible assets:	5 years

The amounts which assets may be depreciated, their lifetime and the depreciation method are reviewed and adjusted if necessary on the consolidated statement of financial position date.

If the accounted amount is higher than the asset's recoverable amount, it is immediately readjusted to the estimated recoverable amount (Note 2.6).

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 as other operating income or other operating costs in the profit and loss account. When revaluated goods are sold, the amount included in other reserves is transferred to retained profit.

2.6. Intangible Assets

a) Consolidation differences

Consolidation differences represent the acquisition cost exceeding the fair value of the subsidiary's/associated/jointly controlled company's assets and liabilities identifiable on the acquisition date. Consolidation differences resulting from the acquisition of subsidiaries are included in intangible assets. Consolidation differences are subject to annual impairment tests and are shown at cost, minus accumulated impairment losses. Gains or losses from the sale of an entity include the value of the consolidation differences in reference to the said entity.

Consolidation differences are allocated to the units that generate the cash flows for performing impairment tests.

b) Research and development

Research expenses are recognised as costs when incurred. Costs incurred on development projects (for designing and testing new products or for product improvements) are recognised as intangible assets when it is likely that the project will be successful, in terms of its commercial and technological feasibility and when the costs may be reliably measured. Other development expenses are recognised as expenses when incurred. Developments costs previously recognised as expenses are not recognised as an asset in subsequent periods. Development costs with a finite lifetime that have been capitalised are amortised from the time the product begins commercial production according to the equal annual amounts method during the period of its expected benefit, which cannot exceed five years.

c) Software

The cost of acquiring software licences is capitalised and includes all costs incurred for acquiring and installing the software available for utilisation. These costs are amortised during the estimated lifetime (5 years).

Software development or maintenance costs are recognised as expenses when incurred. Costs associated directly with creating identifiable and unique software controlled by the Group and that will probably generate future economic benefits greater than the costs, for more than one year, are recognised as intangible assets. Direct costs include personnel costs for developing software and the share in relevant general expenses.

Software development costs recognised as assets are amortised during the software's estimated lifetime (not exceeding 5 years).

d) Concessions and territorial rights

Concessions and territorial rights are presented at the historic cost. Concessions and territorial rights have a finite lifetime associated to the contractual periods and are presented at cost minus accumulated amortisation.

2.7. Impairment of assets

Intangible assets with a specific lifetime are not subject to amortisation and are, instead, subject to annual impairment tests. Assets subject to amortisation are revaluated to determine any impairment whenever there are events or alterations in the circumstances causing their accounting value not to be recoverable. An impairment loss is recognised in the consolidated statement of comprehensive income by the amount by which the recoverable amount exceeds the accounted amount. The recoverable amount is the highest amount between an asset's fair value minus the costs necessary for its sale and its utilisation value. To perform impairment tests, assets are grouped at the lowest level at which it may be able to separately identify cash flows (units generating cash flows).

A cash-generating unit (CGU) is the smallest group of assets which includes the asset and that generates cash flows from continued use and which is generally independent from the cash input from other assets or asset groups. In the case of tangible assets, each shop was identified as a cash-generating unit. Shops with negative operating income for at least 2 years are considered with impairment.

Consolidation differences are distributed among the group's cash-flow generating units (CGUs), identified according to the country of operation and the business segment.

The recoverable value of a CGU is determined based on calculating the utilisation value. Those calculations apply cash flow forecasts based on financial budgets approved by the managers and cover a 5-year period.
The Board of Directors determines the budgeted gross margin based on past performance and on its market growth expectations. The average weighted growth rate used is consistent with provisions included in the sector's reports. The discount rates used are prior to taxes and reflect specific risks related with the assets from a CGU.

2.8. Financial assets

2.8.1. Classification

The group classifies its financial assets under the following categories: financial assets at the fair value through results, loans granted and accounts receivable, investments held until maturity and financial assets available for sale. The investment is classified according to its purpose. The Board of Directors decides on the classification when the investments are initially recorded and re-assesses that classification at each report date.

a) Financial assets at the fair value through results

This category is subdivided into two parts: financial assets held for negotiation and those that are designated at the fair value through results from the start. A financial asset is classified in this category if it is acquired for the main purpose of being sold on the short term or if designated as such by the Board of Directors. Derivatives are also classified as held for negotiation, except if they are classified for hedging. Assets in this category are classified as current if they are held for negotiation or are realisable within 12 months after the consolidated statement of financial position date.

b) Loans granted and accounts

Loans granted and other credits are non-derivative financial assets with fixed or determinable payments and that are not listed on an active market. These assets originate when the group supplies cash, goods or services directly to a debtor, without intending to negotiate the time at which it will receive payment for the said cash goods or services. They are included in current assets, except when they mature in more than 12 months after the consolidated statement of financial position date, in which case they are classified as non-current assets.

c) Investments held until maturity

Investments held until maturity is non-derivative financial assets with fixed or determinable payments and fixed maturities, which the group's Board of Directors has the intention and capacity to maintain until maturity. These investments are included in non-current assets, except those falling due within 12 months as of the consolidated statement of financial position date, which are classified as current assets.

d) Financial assets available for sale

Financial assets available for sale are non-derivative assets which are designated in this category or are not classified in any of the other categories. They are included in non-current assets, except when the Board of Directors wishes to sell the investment within 12 months as of the consolidated statement of financial position date.

2.8.2. Recognition and measurement

Purchases and sales of investments are recognised on the transaction date – the date on which the group promises to purchase or sell the asset. Investments are initially recognised at the fair value, including transaction costs, when the financial assets are not shown at the fair value through results (in this case, they are also recognised at the fair value, but the transaction costs are recorded in costs in the year at the time they are incurred). Financial investments are derecognised when the rights to receive cash from them expire or have been transferred and the group has substantially transferred all the risks and benefits from its possession. Financial assets available for sale and financial assets at the fair value through results are subsequently valuated at the fair value. Loans granted and accounts receivable and investments held until maturity are valuated at the amortised cost, using the effective rate method. Gains and losses - either realised or not realised and arising from alterations to the fair value of the category of the financial assets at their fair value through results - are included in the consolidated statement of comprehensive income in the year in which they arise. Unrealised gains and losses, resulting from alterations to the fair value of non-monetary securities, classified as available for sale, are recognised in the equity. When the securities classified as available for sale are sold or are under impairment, the accumulated adjustments to the fair value are included in the consolidated statement of comprehensive income as gains or losses in securities investments.

The fair value of listed investments is based on current market prices.

If there is no active market for a financial asset (and for non-listed securities), the group determines the fair value using evaluation techniques, which include using recent transactions between independent parties, reference to other instruments that are substantially identical, an analysis of the discounted cash flow and refined options price models that reflect the specific emission circumstances.

2.8.3. Impairment

On each consolidated statement of financial position, the group checks for objective evidence showing whether any group of financial assets is subject to impairment. In the event of equity securities classified as available for sale, a significant or lasting decrease in the fair value falling below the cost value is determinant for knowing if there is impairment. If there is evidence of impairment applicable to financial assets available for sale, the accumulated loss – calculated by the difference between the acquisition cost and the current fair value, minus any impairment loss of that financial asset previously recognised in results – is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses from capital instruments recognised in results are not reversible.

The group complies with the guidelines of IAS 39 (reviewed in 2004) to determine the permanent impairment of investments. This measure requires that the group valuate, among other factors, the duration and the extent to which the fair value of an investment is less than its cost, the financial health and business outlook for the subsidiary, including factors such as the industry's and sector's performance, technological alterations and flows of operating cash and financing.

2.9. Stocks

Stocks are presented at the lowest value between their cost and the net realisation value. The cost is calculated using the weighted mean cost.

The net realisation value corresponds to the estimated sale price during normal business operations, minus variable sale costs.

2.10. Accounts receivable from clients and other debtors

Accounts receivable from clients and other debtors are initially recognised at the fair value. Medium and long term debts are subsequently measured at the amortised cost, using the effective rate method minus the impairment adjustment. The impairment adjustment of accounts receivable is determined when there is objective evidence that the group will not receive all the owed amounts according to the original conditions of the accounts receivable. The impairment adjustment value is the difference between the presented value and the current estimated value of future cash flows, discounted at the effective interest rate. The impairment adjustment value is recognised in the consolidated statement of comprehensive income.

2.11. 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 consolidated statement of financial position, in current liabilities, in the Obtained Loans item.

2.12. Share capital

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.

When any group company acquires shares in the parent company (own shares), the amount paid, including costs directly attributable (net of taxes), is deducted from the equity attributable to the shareholders of the parent company until the shares are cancelled, re-issued or sold. When those shares are subsequently sold or re-issued and after deducting directly imputable transaction costs and taxes, any receipt is included in the equity of the company's shareholders.

2.13. 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 consolidated statement of comprehensive income during the loan period, using the effective rate method.

Loans obtained are classified in current liabilities, except when the group is entitled to an unconditional right to defer the liquidation of the liability for at least 12 months after the consolidated statement of financial position date.

2.14. Deferred taxes

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 consolidated financial statements. However, if the deferred cost arises from 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, this amount is not accounted. Deferred taxes are determined by the tax (and legal) rates decreed or substantially decreed on the date of the consolidated statement of financial position 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.

2.15. Provisions

Provisions for costs of restructuring activities, paid contracts and legal claims are recognised when the group has a legal or constructive obligation due to past events and when it is probable that a outflow of resources will be necessary to liquidate the obligation, and when the obligation amount may be reliably estimated. Provisions for restructuring operations include penalties for terminating leasing contracts and indemnity payments for terminating employee work contracts. Provisions are not recognised for future operating losses.

When there are a similar number of obligations, the probability of generating an outflow is determined by combining these obligations.

2.16. Recognising revenue

Revenue comprises the fair value of the sale of goods and rendering of services, net of taxes and discounts and after eliminating internal sales. Revenue is recognised as follows:

a) Sale of goods – retail

The sale of goods is recognised when the product is sold to the customer. Retail sales are normally made in cash or through debit/credit cards. The revenue to be recognised is the gross sale amount, including debit/credit card transaction fees. Sales of goods to customers, associated to events or congresses, are recognised when they occur.

b) Rendering of services

Rendering of services is recognised in the accounting period in which the services are rendered, in reference to the transaction end date on the consolidated statement of financial position date.

c) Interest

Interest is recognised taking into account the proportion of the time elapsed and the asset's effective income. When an account receivable is under impairment, the group reduces its accounting value to the recoverable value, which is equal to the current value of estimated future cash flows discounted at the asset's original effective interest rate. The discount remains recognised as financial income.

d) Royalties

Royalties are recognised according to the accrual policy, according to the content of the relevant agreements.

e) Dividends

Dividends are recognised when the shareholders' right to receive dividends is determined.

2.17. Leasing

Leasing is classified as an operating lease if a significant part of the risks and benefits inherent to the possession remain the lessor's responsibility. Payments in operating leases (minus any incentives received from the lessor) are included in the consolidated statement of comprehensive income by the equal annual amounts method during the leasing period.

Leasing of tangible assets where the group is substantially responsible for all the property's risks and benefits are classified as a financial lease. Financial leasing is capitalised at the start of the lease by the lowest amount between the fair value of the leased asset and the current value of the minimum leasing values. Leasing obligations, net of financial charges, are included in other non-current liabilities, except for the respective short-term component. The interest parcel is entered in financial expenses during the leasing period, thereby producing a constant periodic interest rate on the remaining debt in each period. Tangible assets acquired through financial leasing are depreciated by the lowest amount between the asset's lifetime and the leasing period.

2.18. Dividend payment

Payment of dividends to shareholders is recognised as a liability in the group's financial statements when the dividends are approved by the shareholders.

2.19. Profit per share

Basic

The basic profit per share is calculated by dividing the profit payable to shareholders by the weighted mean number of ordinary shares issued during the period, excluding ordinary shares acquired by the company and held as own shares (Note 15).

Diluted

The profit diluted per share is calculated by dividing the profit payable to shareholders – adjusted by the dividends of convertible preference shares, convertible debt interest and gains and expenses resulting from the conversion – by the average number of ordinary shares issued during the period plus the average number of ordinary shares that may be issued in the conversion of ordinary shares that may be potentially used in the dilution.

2.20. Derivatives financial instruments

The Group uses derivatives financial instruments, such as exchange forwards and interest rate swaps, only to cover the financial risk witch the Group is exposed to. The Group doesn't use derivatives financial instruments for speculation. For the carrying amount of derivatives financial instruments, the Group uses hedge accounting policies under the terms of the legislation in force. Derivatives financial instruments negotiation is carried out by the Group, on behalf of their subsidiaries, by the financial department under the policies approved by the Board of directors. Derivative financial instruments are initially measured at the transaction date fair value, being subsequently measured at each reporting date fair value. Gains or losses of fair value changes are recognised as follows:

Fair value hedge

In an operation to hedge the exposure to fair value of an asset or liability ("fair value hedge") determined as effective hedges, the fair value changes are recognised in the income statement jointly with the fair value changes of the risk component of the hedged item.

Cash flow hedge

In an operation to hedge the exposure to future cash-flows of an asset or liability ("cash-flow hedge"), the effective part of the fair value changes in the hedging derivative are recognizes in equity; the ineffective part of the hedging is recognized in the income statement when it occurs.

Net investment hedge

Currently there are no foreign operational units (subsidiaries) in currencies other than the euro, therefore the Group is not exposed to foreign currency exchange-rate risks.

The Group has well identified the nature of the involved risks, guarantees through its software that each hedge instrument is followed under the Group's risk policy, recording thorough and formally the hedges relationships; the hedges goal and strategy; classification of the hedges relationship; description of the nature of the risk that's being cover; identification of the hedge instrument and covered item; description of initial measure and future effectiveness of the hedge; identification of the excluded, if any, part of the hedge instrument.

The Group will consider discontinued an hedge instrument when it is sold, expires or is realised; the hedge ceases to fulfil the hedge accounting criteria; for the cash flow hedge the expected transaction in unlikely or unexpected; the Group cancels the hedge instruments for managing reasons..

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

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

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

a) Market risk

i) Currency exchange risk

The currency exchange risk is very low, since the group operates mainly in the Iberian market. Bank loans are in euros and all sales and rendered services are performed in Portugal and Spain. Moreover, purchases outside the Euro zone are of irrelevant proportions.

Although the Group holds investments outside the euro-zone in external operations, in Angola, due to the reduced size of the investment, there is no exposure to currency exchange risk. Angolan branch loan in the amount of 2,500,000 USD does not provide great exposure to currency exchange rate due to its reduced amount and to the strong correlation between American dollar and local currency.

ii) Price risk

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

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

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

The group's interest rate risk stems from its liabilities, in particular from long-term loans. Loans issued with variable rates expose the group to the cash flow risk associated to interest rates. Loans with fixed rates expose the group to the risk of the fair value associated to interest rates. At the current interest rates, in financing of longer maturity periods the group has a policy of totally or partially fixing the interest rates.

In recent years the group has taken into account the possibility of hedging the risk of interest rate variations only in a small part of their funding. The Group has a Swap operation over 1,9 millions of euros in Spain. Therefore, the remaining remunerated debt bears interest at a variable rate. Moreover, the Group has cash to cover about half of its loans whose remuneration dampens changes in debt interest rate.

Based on simulations performed on 31 December 2011, an increase of 100 basis points in the interest rate, maintaining other factors constant, would have a negative impact in the net profit of 250,000 euros.

b) Credit risk

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

c) Liquidity risk

Liquidity risk management implies maintaining a sufficient amount of cash and bank deposits, the feasibility of consolidating the floating debt through a suitable amount of credit facilities and the capacity to liquidate market positions. Treasury needs are managed based on the annual plan that is reviewed every quarter and adjusted daily. Related with the dynamics of the underlying business operations, the group's treasury strives to maintain the floating debt flexible by maintaining credit lines available.

The Group considers that the short-term bank loans are due on the renewal date and that the commercial paper programmes matured on the dates of denunciation.

In the current financial markets pressure, to lower bank loans the company opted to increase financial debt maturity and to maintain a significant share of the short term debt. On December 31, 2011, the use of liquidity support short term lines was 5% of paid liability. Investments in term deposits of 24 million amounted to 42% of liabilities paid.

The following table shows the Group financial liabilities (relevant items), considering non-discounted cash-flows.

The Group liquidity risk management is done through estimated cash-flows. The amounts presented in the table refer to future years cash-flows:

	2012	**from 2013 to 2020**
Bank loans and overdrafts	10,557,936	25,053,178
Commercial paper	2,000,000	19,000,000
Financial leasing	755,405	278,444
Suppliers of fixed assets c/ a	4,684,160	-
Suppliers c/ a	17,082,970	-
Other creditors	8,602,303	320,552
Total	**43,682,774**	**44,652,174**

d) Capital risk

The company aims to maintain an equity level suitable to the characteristics of its main business (cash sales and credit from suppliers) and to ensure continuity and expansion. The capital structure balance is monitored based on the gearing ratio (defined as: net remunerated debt / net remunerated debt + equity) in order to place the ratio within a 35%-70% interval.

On 31 December 2011 the gearing ratio was of 20% and of 23% on 31 December 2010, as follows:

	Dec/11	**Dec/10**
Bank loans	57,644,963	61,571,609
Cash and cash equivalents	29,316,069	29,361,466
Net indebtedness	28,328,894	32,210,143
Equity	114,845,206	109,332,611
Total capital	143,174,100	141,542,754
Gearing ratio	**20%**	**23%**

3.2. Estimated fair value

The fair value of financial instruments commercialised in active markets (such as publicly negotiated derivatives, securities for negotiation and available for sale) is determined based on the listed market prices on the consolidated statement of financial position date. The market price used for the group's financial assets is the price received by the shareholders in the current market. The market price for financial liabilities is the price to be paid in the current market.

The nominal value of accounts receivable (minus impairment adjustments) and accounts payable is assumed to be as approximate to its fair value. The fair value of financial liabilities is estimated by updating future cash flows contracted at the current market interest rate that is available for similar financial instruments.

4. 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.

The group makes estimates and outlines premises about the future. Generally, 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 next:

a) Estimated impairment of consolidation differences

The group performs annual tests to determine whether the consolidation differences are subject to impairment, according to the accounting policy indicated in Note 2.5. Recoverable amounts from the units generating cash flows are determined based on the calculation of utilisation values. Those calculations require the use of estimates (Note 9).

If the real gross margin is less, or the discount rate - prior to taxes - is greater than the estimates by the managers, the impairment losses of the consolidation differences may be greater than those recorded.

b) Income Tax

The group is subject to Income Tax in Portugal, Spain and Angola. A significant judgement must be made to determine the estimated income tax. The large number of transactions and calculations make it difficult to determine the income tax during normal business procedures. The group recognises liabilities for additional payment of taxes that may originate from reviews by the tax authorities. When tax audits indicate a final result different from the initially recorded amounts, the differences will have an impact on the income tax and on deferred taxes in the period in which those differences are identified.

5. INFORMATION ABOUT THE COMPANIES INCLUDED IN THE CONSOLIDATION AND OTHER COMPANIES

5.1. The following group companies were included in the consolidation on 31 December 2011 and 2010:

		% Shareholding	
Company	**Head Office**	**2011**	**2010**
Parent company			
IBERSOL SGPS, S.A.	Oporto	parent	parent
Subsidiary companies			
Iberusa Hotelaria e Restauração, S.A.	Oporto	100%	100%
Ibersol Restauração, S.A.	Oporto	100%	100%
Ibersande Restauração, S.A.	Oporto	80%	80%
Ibersol Madeira e Açores Restauração, S.A.	Funchal	100%	100%
Ibersol - Hotelaria e Turismo, S.A.	Oporto	100%	100%
Iberking Restauração, S.A.	Oporto	100%	100%
Iberaki Restauração, S.A.	Oporto	100%	100%
Restmon Portugal, Lda.	Oporto	61%	61%
Vidisco, S.L.	Pontevedra - Spain	100%	100%
Inverpeninsular, S.L.	Pontevedra - Spain	100%	100%
Ibergourmet Produtos Alimentares, S.A.	Oporto	100%	100%
Ferro & Ferro, Lda.	Oporto	100%	100%
Asurebi SGPS, S.A.	Oporto	100%	100%
Charlotte Develops, SL	Madrid - Spain	100%	100%
Firmoven Restauração, S.A.	Oporto	100%	100%
IBR - Sociedade Imobiliária, S.A. (c)	Oporto	98%	90%
Eggon SGPS, S.A.	Oporto	100%	100%
Anatir SGPS, S.A.	Oporto	100%	100%
Lurca, SA	Madrid - Spain	100%	100%

Company	Head Office	% Shareholding 2011	2010
Parent company (cont.)			
Q.R.M.- Projectos Turísticos, S.A.	Oporto	100%	100%
Sugestões e Opções-Actividades Turísticas, S.A.	Oporto	100%	100%
RESTOH- Restauração e Catering, S.A.	Oporto	100%	100%
Resboavista- Restauração Internacional, Lda.	Oporto	100%	100%
José Silva Carvalho Catering, S.A.	Oporto	100%	100%
Iberusa Central de Compras para Restauração ACE (a)	Oporto	100%	100%
Vidisco, Pasta Café Union Temporal de Empresas (b)	Pontevedra - Spain	100%	100%
Maestro - Serviços de Gestão Hoteleira, S.A.	Oporto	100%	100%
SOLINCA - Eventos e Catering, S.A.	Maia	100%	100%
IBERSOL - Angola, S.A.	Luanda - Angola	100%	-
HCI - Imobiliária, S.A.	Luanda - Angola	100%	-
Companies controlled jointly			
UQ Consult - Serviços de Apoio à Gestão, S.A.	Oporto	50%	50%

(a) Company consortium agreement that acts as the Purchasing and Logistics Centre and provides the respective restaurants with raw materials and maintenance services.
(b) Union Temporal de Empresas which was founded in 2005 and that during the year functioned as the Purchasing Centre in Spain by providing raw materials to the respective restaurants.
(c) IBR Imobiliária, S.A. sale of 39% by Ibersande S.A., to the subsidiary Asurebi, S.A., changes it's shareholding.

The subsidiary companies were included in the consolidation by the full consolidation method. UQ Consult, the Jointly controlled entity, was subject to the proportional consolidation method according to the group's shareholding in this company, as indicated in Note 2.2.b).

The shareholding percentages in the indicated companies imply an identical percentage in voting rights.

5.2. Alterations to the consolidation perimeter

5.2.1. Acquisition of new companies

In February 2011, 99.89% of the company HCI - Imobiliária, SA, headquartered in Angola, was acquired by the subsidiary Ibersol Angola, SA (owned by the Group), by the amount of 145,000 USD.

Although founded in the year 2010, the subsidiary Ibersol Angola was excluded of the year 2010 consolidated statements by immateriality. In 2011 it was included since January 1.

			% Shareholding
Company	**Entry date**	**Head-office**	**2011**
HCI - Imobiliária, S.A.	January 2011	Luanda - Angola	100%

The above mentioned acquisition in 2011 had the following impact on the consolidated financial statements on 31 December 2011:

	Acquisition date	Dec/11
Acquired net assets		
Tangible and intangible assets (note 8 and 9)	1,850,880	3,328,303
Stocks	-	-
Deferred tax assets	14,780	36,048
Other assets	68,920	47,951
Cash & cash equivalents	3,040	3,060
Loans	-1,851,619	-2,526,640
Deferred tax liabilities	-2,320	-7,635
Other liabilities	-104,705	-931,736
	-21,024	-50,649
Consolidation differences (Note 9)	130,714	
Minority interests	-	
Acquisition price	**109,690**	
Payments made	109,690	
Future payments	-	
	109,690	
Net cash-flows from acquisition		
Payments made	109,690	
Acquired cash & cash equivalents	3,040	
	106,650	

The impact in consolidated statement of comprehensive income account was as follows:

	Dec/11
Operating income	457
Operating costs	-81,833
Net financing cost	38,220
Pre-tax income	-43,156
Income tax	-15,104
Net profit	**-28,052**

5.2.2. Disposals

The group did not sell any of its subsidiaries in 2011.

5.2.3. Change in Goodwill

The purchase price of the subsidiary Solinca may change due to the EBITDA achieved by the company in 2011. The validation of EBITDA is still subject to accounts approval in the General Meeting to be held until the end of March, and to finalize negotiations with the seller.

6. INFORMATION PER SEGMENT

In the year ended December 31, 2011, since there is no operational activity and asset values are not enough to constitute a separate segment, the contribution of Angola is reflected in the segment of Portugal, according to Note 2.3.

The results per segment for period ended 31 December 2011 are as follows:

31 DECEMBER 2010	Portugal	Spain	Group
Restaurants	145,971,650	44,615,378	190,587,028
Merchandise	1,205,781	1,945,343	3,151,124
Rendered services	262,786	522,207	784,993
Turnover by Segment	**147,440,217**	**47,082,928**	**194,523,145**
Operating income	8,063,130	2,362,087	10,425,217
Net financing cost	-616,373	-618,307	-1,234,680
Share in the profit by associated companies	-	-	-
Pre-tax income	**7,446,757**	**1,743,780**	**9,190,537**
Income tax	2,408,968	231,932	2,640,900
Net profit in the year	**5,037,789**	**1,511,848**	**6,549,637**

The results per segment for the period ended 31 December 2010 were as follows:

31 DECEMBER 2010	Portugal	Spain	Group
Restaurants	159,647,458	47,797,180	207,444,638
Merchandise	1,385,226	2,141,097	3,526,323
Rendered services	586,014	536,938	1,122,952*
Turnover by Segment	**161,618,698**	**50,475,215**	**212,093,913**
Operating income	17,580,837	3,709,111	21,289,948
Net financing cost	-850,369	-632,456	-1,482,825
Share in the profit by associated companies	-	-	-
Pre-tax income	**16,730,468**	**3,076,655**	**19,807,123**
Income tax	4,108,088	698,982	4,807,070
Net profit in the year	**12,622,380**	**2,377,673**	**15,000,053**

* 451,796 from rendered services to operating income, as in the consolidated statement of comprehensive income.

The consolidated statement of comprehensive income also includes the following parts on the segments:

	Year ending on 31 December 2011			Year ending on 31 December 2010		
	Portugal	**Spain**	**Group**	**Portugal**	**Spain**	**Group**
Depreciation (Note 8)	7,011,516	1,421,813	8,433,329	6,787,981	1,720,383	8,508,364
Amortisation (Note 9)	1,284,849	233,240	1,518,089	1,455,388	299,407	1,754,795
Impairment of tangible assets (Note 8)	1,823,514	465,851	2,289,365	470,279	277,332	747,612
Impairment of goodwill (Note 9)	-	-	-	15,078	-	15,078
Impairment of intangible assets (Note 9)	655,366	-	655,366		-	-
Impairment of accounts receivable (Note 14)	228,093	4,282	232,375	85,464	-60,939	24,525

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

The following assets, liabilities and investments were applicable to the segments in the year ending on 31 December 2011 and 2010:

	Year ending on 31 December 2011				Year ending on 31 December 2010		
	Portugal		Spain	Total	Portugal	Spain	Total
Assets	171,509,511	(1)	54,091,885	225,601,396	174,441,819	55,859,688	230,301,507
Liabilities	36,218,846		7,850,195	44,069,041	42,106,496	7,797,742	49,904,238
Net investment (Notes 8 and 9)	10,420,059	(1)	1,053,073	11,473,132	9,876,269	340,405	10,216,674

(1) assets of 5,9 million in Angola with an investment of about 2,7 million.

Assets and liabilities that were not applicable to the segments Portugal and Spain are:

	Assets	Liabilities
Deferred taxes	1.054.915	10.820.760
Current taxes	359.584	369.611
Current bank loans	-	13.313.341
Non current bank loans	-	44.331.622
Assets available for sale	733.685	-
	2.148.184	**68.835.334**

7. UNUSUAL AND NON-RECURRING FACTS

No unusual and non-recurring facts took place during the year 2011 and 2010.

8. TANGIBLE FIXED ASSETS

In the year ending on 31 December 2011 and 2010, the following movements took place in the value of tangible fixed assets, and in the respective amortisation and accumulated impairment losses:

	Land and buildings
1 January 2010	
Cost	120,925,169
Accumulated depreciation	22,982,300
Accumulated impairment	3,322,621
Net amount	**94,620,248**
31 December 2009	
Initial net amount	94,620,248
Changes in consolidated perimeter	5,861
Additions	6,686,630
Decreases	684,048
Transfers	144,720
Depreciation in the year	2,702,366
Deprec. by changes in the perim.	-
Impairment in the year	747,612
Final net amount	**97,323,433**
31 December 2010	
Cost	125,377,979
Accumulated depreciation	24,550,849
Accumulated impairment	3,503,698
Net amount	**97,323,433**

Equipment	Tools and utensils	Other tang. Assets	Fix. Assets in progress	Total
66,957,564	4,207,359	8,878,487	50,949	201,019,529
43,762,363	3,528,788	6,476,541	-	76,749,993
764,242	16,153	46,132	-	4,149,149
22,430,959	662,418	2,355,814	50,949	120,120,387
22,430,959	662,418	2,355,814	50,949	120,120,387
189,262	-	327,672	-	522,795
2,815,302	0	1,001,105	73,221	10,576,258
432,723	0	4,193	1,500	1,122,463
83,065	-662,418	669,466	-36,092	198,740
4,542,834	0	1,263,164	-	8,508,364
-	-	-	-	-
-	-	-	-	747,612
20,543,030	0	3,086,700	86,578	121,039,741
68,148,991	-	14,244,146	86,578	207,857,695
46,881,834	-	11,111,499	-	82,544,182
724,127	-	45,947	-	4,273,772
20,543,030	0	3,086,700	86,578	121,039,741

	Land and buildings
31 December 2011	
Initial net amount	97,323,433
Changes in consolidated perimeter	1,805,422
Additions	6,143,015
Decreases	993,280
Transfers	-
Depreciation in the year	2,982,417
Deprec. by changes in the perim.	21,430
Impairment in the year	2,430,292
Final net amount	**-140,927**

31 December 2011	
Cost	130,836,755
Accumulated depreciation	26,925,340
Accumulated impairment	4,926,037
Net amount	**98,985,378**

Equipment	Tools and utensils	Other tang. Assets	Fix. Assets in progress (1)	Total
20,543,030	-	3,086,700	86,578	121,039,741
43,960	-	16,434	326,173	2,191,989
2,488,436	-	576,160	2,773,526	11,981,137
219,079	-	4,024	17,869	1,234,252
29,191	-	336	-38,539	-9,012
4,302,404	-	1,148,508	-	8,433,329
881	-	172	-	22,483
-	-	-	-	2,430,292
0	0	0	0	-140,927
68,806,067	-	14,444,010	3,129,869	217,216,702
49,658,496	-	11,854,570	-	88,438,405
565,318	-	62,515	-	5,553,870
18,582,253	0	2,526,926	3,129,869	123,224,427

(1) fixed assets in progress are due to the KFC restaurant still under construction in Luanda, Angola, whose opening is planned for April 2012.

In the year ending on 31 December 2011 and 2010, the following assets were used under a financial lease:

	2011		2010	
	Gross Amount	Accumulated depreciation	Gross Amount	Accumulated depreciation
Land and buildings	88,437	8,688	112,729	3,194
Equipment	4,473,046	1,569,840	7,299,995	1,561,541
Other tangible assets	255,525	185,571	578,381	150,934
	4,817,007	1,764,098	7,991,106	1,715,668

In the year 2011 there were no new lease agreements and the amount corresponding to the contracts signed in 2010 was of 421,910 euros.

About 148,000 euros were capitalized in the year 2011 related to the cost of bank loans in Angola, the accumulated value at December 31, 2011 was 289,000 euros.

9. INTANGIBLE ASSETS

Intangible assets are broken down as follows:

	Dec/11	Dec/10
Consolidation difference	43,034,262	42,903,548
Other intangible assets	16,205,541	17,636,188
	59,239,803	60,539,736

In the year ending on 31 December 2011 and 2010, the movement in the value of intangible fixed assets and in the respective amortisation and accumulated impairment losses were as follows:

	Consolidat, differences
1 January 2010	
Cost	44,216,181
Accumulated amortisation	-
Accumulated impairment	1,846,600
Net amount	**42,369,581**
31 December 2010	
Initial net amount	42,369,581
Changes in consolidat. Perimeter	549,045
Additions	-
Decreases	-
Transfers	-
Depreciation in the year	-
Deprec. by changes in the perim.	-
Impairment in the year	15,078
Final net amount	**42,903,548**
31 December 2010	
Cost	44,765,226
Accumulated amortisation	-
Accumulated impairment	1,861,678
Net amount	**42,903,548**

Goodwill	Brands and Licences	Develop. Expenses	Industrial property	Fix. assets in progress (1)	Total
1,433,631	22,623,705	880,663	19,122,970	2,655,616	90,932,767
590,926	21,774,811	717,795	4,448,851	-	27,532,384
0	149,073	-	208,442	-	2,204,115
842,705	699,821	162,868	14,465,677	2,655,616	61,196,268
842,705	699,821	162,868	14,465,677	2,655,616	61,196,268
-	-	-	160	-	549,205
-	385,048	-	301,704	37,153	723,905
15,400	118,328	108,655	-106,450	-	135,933
-	-4,988	-52,686	452,637	-418,796	-23,833
149,309	578,794	1,522	1,025,170	-	1,754,795
-	-	-	-	-	-
-	-	-	-	-	15,078
677,996	382,759	5	14,301,458	2,273,973	60,539,739
1,337,271	3,136,625	130,360	19,141,360	2,273,973	70,784,816
659,275	2,604,793	130,355	4,631,460	-	8,025,884
0	149,073	-	208,442	-	2,219,193
677,996	382,759	5	14,301,458	2,273,973	60,539,739

	Consolidat. differences
31 December 2011	
Initial net amount	42,903,548
Changes in consolidat. Perimeter	130,714
Additions	-
Decreases	-
Transfers	-
Depreciation in the year	-
Deprec. by changes in the perim.	-
Impairment in the year	-
Reversão de imparidade	-
Final net amount	**43,034,262**

	Consolidat. differences
31 December 2011	
Cost	44,895,940
Accumulated amortisation	-
Accumulated impairment	1,861,678
Net amount	**43,034,262**

(1) the balance of the fixed assets items in progress refers mainly to the 3 new concessions yet to be open, in service areas of the following motorways: Guimarães, Fafe and Paredes. These service areas are still in the design stage and awaiting for platforms delivery.

Goodwill	Brands and Licences	Develop. Expenses	Industrial property	Fix. assets in progress (1)	Total
677,996	382,759	5	14,301,458	2,273,973	60,539,739
-	7,546	-	-	-	138,260
-	148,654	20,000	572,783	14,651	756,088
-	10,941	-	14,575	-	25,516
-	-	-	9,142	-4,455	4,687
125,756	456,491	3,000	932,842	-	1,518,089
-	-	-	-	-	-
-	-	-	711,586	-	711,586
-	-7,290	-	-48,930	-	-56,221
552,240	78,818	17,005	13,273,310	2,284,169	59,239,803

1,337,264	3,216,822	149,865	19,567,107	2,284,169	71,451,168
785,024	3,067,895	132,860	5,422,699	-	9,336,806
0	70,109	-	871,098	-	2,874,559
552,240	78,818	17,005	13,273,310	2,284,169	59,239,803

On 31 December 2011, the group's concessions, territorial rights and their respective lifetime are shown below:

Territorial Rights	No of years	Termination Date
Pans & Company	10	2016
Burger King	20	2021

Concession Rights	No of years	Termination Date
Lusoponte Service Areas	33	2032
Expo Marina	28	2026
Repsol Service Area - 2ª Circular	18	2017
Fogueteiro Service Area	16	2015
Portimão Marina	60	2061
A8 Torres Vedras (motorway) Service Area	20	2021
Airport Service Area	20	2021
Pizza Hut Setúbal	14	2017
Pizza Hut Foz	10	2020
Pizza Hut and Pasta Caffé Cais Gaia	20	2024
A5 Oeiras (motorway) Service Area	12	2015
Modivas Service Area	28	2031
Barcelos Service Area	30	2036
Guimarães Service Area	30	2036
Fafe Service Area	30	2036
Alvão Service Area	30	2036
Lousada (Felgueiras) Service Area	24	2030
Vagos Service Area	24	2030
Aveiro Service Area	24	2030
Ovar Service Area	24	2030
Gulpilhares Service Area	24	2030
Talhada (Vouzela) Service Area	25	2031
Viseu Service Area	25	2031
Paredes Service Area	26	2032
Maia Service Area	26	2032

The table below summarises the consolidation differences broken down into segments:

	Dec/11	Dec/10
Portugal	10,000,021	10,000,021
Spain	32,903,527	32,903,527
Angola	130,714	-
	43,034,262	42,903,548

On 31 December 2011 on the Spain segment the consolidation differences refer mainly to the purchase of the subsidiaries Lurca and Vidisco.

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

Perpetuity growth rate		
Portugal	3.00%	(1% real + 2% inflation)
Spain	3.00%	(1% real + 2% inflation)
Perpetuity discount rate		
Portugal	7.40%	(1% real + 2% inflation)
Spain	5.90%	(1% real + 2% inflation)
Discount period rate		
Portugal	9.30%	(1% real + 2% inflation)
Spain	7.50%	(1% real + 2% inflation)

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**
No-risk interest rate	3.00%	3.00%	3.00%	3.00%
Country risk prize	1.00%	0.50%	3.60%	1.75%
Equity risk prize	6.00%	5.00%	6.00%	6.00%
Beta	0,9	0,9	0,9	0,9
Debt risk prize	4.00%	4.00%	5.00%	5.25%
Income tax rate	26.50%	30.00%	26.50%	30.00%
Equity/Remunerated debt	70%/30%	60%/40%	70%/30%	60%/40%

10. FINANCIAL INVESTMENTS

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

	Dec/11	Dec/10
Financial investments - Ibersol Angola, S.A.		
Investment	-	(1) 350,050
Loans	-	(1) 118,182
Parque Central Maia	200,000 (2)	-
Advances for financial investments	172,085	172,085
Other financial investments	361,600	364,100
	733,685	1,004,417
Accumulated impairment losses	-	-
	733,685	1,004,417

(1) Change in the year 2011, due to the inclusion in the consolidation of the subsidiary Ibersol Angola, as described in Note 5.
(2) 100% owned by subsidiary Iberusa, SA, acquired on December 14, 2011, having been excluded by immateriality of this consolidated statements

The other financial investments concern investments (bellow 20%) in non listed companies.

11. OTHER NON-CURRENT ASSETS

The details on other non-current assets on 31 December 2011 and 2010 are as follows:

	Dec/11	Dec/10
Clients and other debtors (1)	1,710,740	1,740,203
Other non-current assets	1,710,740	1,740,203
Accumulated impairment losses	-	-
	1,710,740	1,740,203

(1) Spain subsidiaries deposits and bails and also franchising debts concerning fixed assets lent in subsidiary Vidisco, with a payment agreement. At the end of the year 2011 the amount in debt is of 152 monthly instalments of 5.896 euros each, which bear interest of 6.25%, the last payment is on 31st August, 2024.

12. STOCKS

On 31 December 2011 and 2010, stocks were broken down as follows:

	Dec/11	Dec/10
Raw, secondary and consumption materials	3,560,475	4,119,300
Merchandise	104,610	124,815
	3,665,085	4,244,115
Accumulated impairment losses	74,981	74,981
Net stocks	3,590,104	4,169,134

13. CASH AND CASH EQUIVALENTS

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

	Dec/11	Dec/10
Cash	892,376	759,875
Bank deposits	28,197,787	27,400,685
Treasury applications	225,906	1,200,906
Cash and cash equivalents in the balance sheet	29,316,069	29,361,466
Bank overdrafts	-834,630	-121,619
Cash and cash equivalents in the cash flow statement	28,481,439	29,239,847

Bank overdrafts include the creditor balances of current accounts with financial institutions, included in the consolidated statement of financial position in the “bank loans” item.

14. OTHER CURRENT ASSETS

Other current assets on 31 December 2011 and 2010 are broken down as follows:

	Dec/11	Dec/10
Clients (1)	4,189,544	4,794,361
State and other public entities (2)	871,210	1,060,878
Other debtors (3)	1,592,231	4,823,264
Advances to supl liers	68,699	-
Accruals and income (4)	1,711,379	1,997,248
Deferred costs (5)	1,509,569	1,758,695
Other current assets	9,942,632	14,434,446
Accumulated impairment losses	1,062,787	678,030
	8,879,845	13,756,416

(1) Current balance arising essentially by the Catering activity developed by Ibersol.
(2) Current balance of recoverable VAT amounts (511.611 euros) and Income taxes (359.584 euros).

(3) The other debtors item is broken down into the following items:

	Dec/11	Dec/10
Suppliers contracts	-	2,863,470
Other	1,592,231	1,959,794
	1,592,231	4,823,264

(4) Accruals and income were broken down as follows:

	Dec/11	Dec/10
Interest	67,557	78,665
Suppliers contracts	1,417,572	1,673,393
Other	226,251	245,190
	1,711,379	1,997,248

(5) Deferred costs were broken down as follows:

	Dec/11	Dec/10
Rents and condominium fees	993,322	1,082,915
External supplies and services	196,524	321,387
Other	319,723	354,393
	1,509,569	1,758,695

Financial assets impairment is broken down as follows:

	Dec/11		Dec/10	
	With Impairment	Without Impairment	With Impairment	Without Impairment
Clients c/a	862,019	3,327,525	421,826	4,372,535
Other debtors	200,768	1,391,463	256,203	4,567,061
	1,062,787	4,718,988	678,030	8,939,595

As for clients and other debts without impairment, the amounts are broken down as follows:

	Dec/11	Dec/10
Debt not due	1,292,572	4,871,076
Debt due:		
For less than 1 month	452,930	613,235
From one to three months	764,268	1,193,888
Over three months	2,209,218	2,261,396
	4,718,988	8,939,595

Impairment losses in the year regarding other current assets are broken down as follows:

	Starting balance	Cancellation	Reclassification	Losses in the Year	Impairment reversion	Closing balance
Clients c/ a	421,826	-	212,099*	242,543	-14,450	862,019
Other debtors	256,203	-126,902	67,185*	4,282	-	200,768
	678,030	-126,902	279,284	246,825	-14,450	1,062,787

* in the year 2011, a correction was made in which the debts and their adjustments were cancelled by both headings and overblown.

15. SHARE 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.

In the year 2011 the group did not acquired nor sold any own shares. This 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 group, although the group may sell these shares.

At the end of the year the company held 2,000,000 own shares acquired for 11,179,644 euros.

The group's non-available reserves reached 15,179,645 euros and refer to mandatory reserves (4,00,001 euros) and other reserves referring to own shares held by the group (11,179,644 euros).

In the years ending on 31 December 2011 and 2010, the minority interests were as follows:

	Dec/11	Dec/10
Ibersande, S.A.	4,233,253	3,861,147
IBR Imobiliária, S.A.	216,738	1,009,625
	4,449,991	4,870,772

Group reserves and non-controlling interests in subsidiary IBR Imobiliária, S.A. presented in 2010 with the current period have been 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.

16. LOANS

On 31 December 2011 and 2010, current and non-current loans were broken down as follows:

Non-current	**Dec/11**	**Dec/10**
Bank loans	44,053,178	45,420,024
Financial leasing	278,444	1,032,200
	44,331,622	46,452,224

Current	**Dec/11**	**Dec/10**
Bank overdrafts	834,630	121,619
Bank loans	11,723,306	13,352,321
Financial Leasing	755,405	1,645,445
	13,313,341	15,119,384
Total loans	57,644,963	61,571,608
Average interest rate	3.8%	2.5%

Financial leases were reclassified from other non-current liabilities and accounts payable and accrued expenses to heading non-current and current borrowings. For the presented periods there are no significant differences between the balance sheet amounts and fair value of current and non-current loans. The maturities of non-current bank loans are broken down as follows:

	Dec/11	**Dec/10**
From 1 to 2 years	9,562,951	35,925,978
From 2 to 5 years	29,430,912	9,494,047
> 5 years	5,059,315	-
	44,053,178	45,420,024

For the subscribed commercial paper programmes the Group considers the maturity date as the renewal date, regardless of its initial stated periods.

At the end of the year, current liabilities (net of deferred income) reached 52 million euros, compared with 42 million euros in current assets. This disequilibrium is, on one hand, a financial characteristic of this business and, on the other hand, due to the option of using short-term debt to finance investments. In order to ensure liquidity of the short term debt it is expected that in the year 2012 the Group will continue financial consolidation operations.

At the end of the year the Group had 19,5 million euros of unissued commercial paper programmes and available but not disposable credit lines.

Bank loans are secured by Ibersol's land and buildings assets (Note 31) with the amount of 2,066,757 euros (3,952,057 euros in 2010).

The subsidiary Lurca had contracted in previous years a financial loan of 9,000,000 euros with 12 months Euribor floating interest rate settled in the beginning of each quarter. In order to cover future cash flow risks Lurca subscribed in 2007 an equity swap with Knock-in barrier, as follows:
- Fixed interest rate (4.49%) if variable interest rate settled at the beginning of the trimester less the differential is equal or inferior to the barrier knock-in of 4.95%;
- Variable interest rate settled at the beginning of each period less the differential, if the differed floating interest rate is superior to the barrier knock-in of 4.95%.
- Swap capital coverage was reduced from 4,875,000 euros to 1,875,000 on May 15th, 2010.

The liabilities from financial leasing may be broken down as follows:

	Dec/11	Dec/10
Up to 1 year	755,405	1,645,445
Over 1 year and until 5 years	278,444	1,032,200
	1,033,849	2,677,645

The future (non-discounted) Cash Flows concerning these financial liabilities on 31 December 2011 are broken down as follows:

	FC 2012	FC 2013	FC 2014	FC 2015	FC 2016	FC 2017/20
Bank loans	11,723,308	9,562,951	16,443,164	7,785,386	5,202,362	5,059,312
Financial Leasing	755,405	216,454	61,990	-	-	-
Interest	2,285,192	2,115,337	1,324,252	657,999	306,613	12,500

17. DEFERRED TAXES

17.1. Deferred tax liabilities

Deferred tax liabilities on 31 December 2011 and 2010, according to the temporary differences that generated them, are broken down as follows:

Deferred tax liabilities	Dec/11	Dec/10
Amortisation standardisation	12,004,102	11,172,104
Asset impairment losses not fiscally accepted	-1,811,408	-1,246,446
Taxes in the year by Vidisco, Lurca and Vidisco UTE	594,207	688,186
Other temporary differences	33,859	33,859
	10,820,760	10,647,703

17.2. Deferred tax assets

Deferred tax assets on 31 December 2011 and 2010, according to the temporary differences that generate them, are broken down as follows:

Deferred tax assets	Dec/11	Dec/10
Reported fiscal losses	1,054,915	606,486
	1,054,915	606,486

As a measure of prudence, the group did not recognise deferred tax assets in the amount of 697.804 euros referring to fiscal losses of 2.808.748 which may be deducted from future taxable income.

Balance of fiscal reports per year and utilisation limit (after utilisation on 31-12-2011) (*)

2012	**2013**	**2014**	**2015**	**2019-2021**	**TOTAL**
591,538	826,147	1,536,846	3,236,894	469,103	6,660,529

(*) Portuguese subsidiaries:
untill 2009 - 6 years
from 2010 to 2011 - 4 years

Angolan subsidiaries: 3 years

Spanish subsidiaries: 15 years

In the year 2011 movements in deferred tax were as follows:

	Assets	**Liabilities**	**Income and loss account (Note 26)**
Starting balance	606,486	10,647,703	
Temporary differences in the year	448,429	173,057	-275,372
Closing balance	**1,054,915**	**10,820,760**	

18. PROVISIONS FOR RISKS AND CHARGES

On 31 December 2011 and 2010, provisions for risks and charges were broken down as follows:

	Dec/11	**Dec/10**
Legal processes	5,257	5,257
Other	28,000	28,000
Provisions for risk and charges	**33,257**	**33,257**

19. OTHER NON-CURRENT LIABILITIES

On 31 December 2011 and 2010, the item “Other non-current liabilities” may be broken down as follows:

	Dec/11	Dec/10
Financial investments debt (1)	100,000	-
Other creditors (2)	320,552	353,400
Other non-current liabilities	**420,552**	**353,400**

(1) related to the acquisition of subsidiary Parque Central Maia;
(2) includes 312.520 euros referring to the debt for the purchase of Vidisco.

On 31 December 2011 the future (non-discounted) Cash Flows associated to these liabilities are broken down as follows:

	FC 2013	FC 2014	FC 2015	FC 2016	FC 2017	FC 2018/2023
Other creditors	36,880	28,848	28,848	28,848	28,848	168,280

20. ACCOUNTS PAYABLE TO SUPPLIERS AND ACCRUED COSTS

On 31 December 2011 and 2010, accounts payable to suppliers and accrued costs were broken down as follows:

	Dec/11	Dec/10
Suppliers c/ a	15,316,748	16,507,411
Suppliers - invoices pending approval	1,766,222	1,599,000
Suppliers of fixed assets c/ a	4,684,160	3,063,157
Total accounts payable to suppliers	**21,767,130**	**21,169,568**

	Dec/11	Dec/10
Accrued costs - Payable insurance	12,467	67,897
Accrued costs - Payable remunerations	4,800,833	4,900,057
Accrued costs - Premiums	626,641	641,029
Accrued costs - Payable interest	74,156	50,154
Accrued costs - External services	944,886	987,497
Accrued costs - Other	1,486,509	1,911,870
Total acrrued costs	**7,945,492**	**8,558,504**
total accounts payable to suppl. and accrued costs	**29,712,622**	**29,728,072**

21. OTHER CURRENT LIABILITIES

On 31 December 2011 and 2010, the item "Other current liabilities" may be broken down as follows:

	Dec/11	Dec/10
Other creditors (1)	4,715,744	2,422,153
State and other public entities (2)	3,886,559	7,156,698
Deferred income (3)	5,669,917	10,972,102
	14,272,220	**20,550,953**

(1) includes wages processed during the month of December, paid in early January, due to the change of procedures in the payroll period (from the 26 of n-1 month to the 25 of n month changed to 01-30 of month n), thereby fulfilling with all legal requirements of the Social Security services.
(2) balance due mainly to payable VAT amounts (1,152,971 euros), Income taxes (369,611 euros) and Social Security (1,893,464 euros).
(3) the Deferred Income item includes the following amounts:

	Dec/11	Dec/10
Contracts with suppliers (1)	5,576,976	10,812,840
Franchising rights	27,645	77,423
Investment subsidy	57,827	74,392
Other	7,469	7,447
	5,669,917	**10,972,102**

(1) The value of contracts with suppliers corresponds to revenue obtained from suppliers in 2011 and referring to subsequent years.

22. EXTERNAL SERVICES AND SUPPLIES

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

	2011	2010
Subcontracts	203,839	177,034
Electricity, water, fuel and other fluids	8,982,902	8,337,121
Rents and rentals	20,578,922	22,198,905
Condominium	4,135,263	4,210,287
Communications	708,226	806,075
Insurance	491,366	533,510
Short-lasting tools and utensils and office materials	1,013,124	1,333,489
Royalties	6,647,533	6,992,194
Travel and accommodations and merchandise transport	1,328,014	1,586,027
Services fees	821,273	1,429,655
Conservation and repairs	4,397,599	4,898,857
Advertising and propaganda	7,178,570	6,901,247
Cleaning, hygiene and comfort	1,913,295	2,163,666
Specialised works	3,685,412	3,633,511
Other ESS'	1,572,736	1,904,712
	63,658,074	**67,106,290**

23. PERSONNEL COSTS

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

	2011	2010
Salaries and wages	49,993,552	52,565,890
Social security contributions	11,809,901	12,064,037
Work accident insurance	612,318	588,606
Social action costs	8,597	8,693
Personnel meals	2,079,421	2,254,177
Other personnel costs (1)	584,056	615,797
	65,087,845	**68,097,200**
Average number of employees	**5,283**	**5,705**

(1) Other personnel costs include, in particular, indemnities, personnel recruitment and training and work medicine.

24. OTHER OPERATING INCOME AND COSTS

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

	2011	2010
Direct/indirect taxes not assigned to operating activities	502,720	598,716
Losses in fixed assets	1,188,469	1,058,891
Membership fees	47,109	53,047
Impairment adjustments	246,825	89,020
Donations	75,305	-
Samples and inventory offers	26,349	-
Bad debts	56,202	-
Franchise compensation	40,233	397,704
Other operating costs	69,839	207,243
	2,253,052	2,404,621

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

	2011	2010
Supplementary income	3,450,940	3,422,524*
Operation benefits	132,852	66,942
Own company work	-	14,174
Reversion of impairment adjustments	14,450	64,495
Funchal storm compensation	-	97,435
Nó do Fojo compensation	-	66,000
Investments benefits	-	15,657
Gains in fixed assets	-	11,285
Other operating gains	37,277	77,956
	3,635,519	3,836,468

* 451,796 from rendered services to operating income, as in the consolidated statement of comprehensive income.

25. NET FINANCING COST

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

	2011	2010
Interest paid	1,951,928	1,386,781
Interest earned	-1,188,834	-287,889
Currency exchange differences	54,020	46,002
Payment discounts granted	342	-
Payment discounts obtained	-11,471	-10,417
Other financial costs and income	428,695	348,348
	1,234,680	1,482,825

26. INCOME TAX

Income tax recognised in the year ending on 31 December 2011 and 2010 are broken down as follows:

	Dec/11	Dec/10
Current taxes	2,908,835	4,022,187
Deferred taxes (Note 17)	-267,935	784,883
	2,640,900	4,807,070

In the year 2011 movements in the deferred taxes were as follows:

Temporary differences in the year (Note 17)	-536,599
Correction deferred tax	261,227
Perimeter changes	7,437
	-267,935

The group's income tax prior to taxes is not the same as the theoretical amount that would result from applying the mean weighted income tax rate to the consolidated profit, as follows:

	2011	2010
Pre-tax profit	**9,190,537**	**19,807,123**
Tax calculated at the appliacble tax rate in Portugal (26,5%)	**2,435,492**	**5,248,888**
Fiscal effect caused by:		
Tax rate difference on the islands and archipelagos	-46,504	-23,171
Tax rate difference in other countries	38,647	107,683
Deferred taxes not recognised due to prudence	-101,219	-138,273
Insufficient/(excess) estimate in the previous year	-2,580	4,125
Correction deferred tax	261,227	-
After of taxable income due to fiscal adj. consol. and other effects	55,836	-392,181
Income Tax Expenses	**2,640,900**	**4,807,070**

The mean weighted income tax rate was of 29% (2010: 24%).

27. INCOME PER SHARE

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

	Dec/11	Dec/10
Profit payable to shareholders	6,125,138	14,563,886
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
	18,000,000	**18,003,321**
Basic earnings per share (€ per share)	0,34	0,81
Earnings diluted per share (€ per share)	0,34	0,81
Number of own shares at the end of the year	2,000,000	2,000,000

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

28. FINANCIAL ASSETS AND LIABILITIES

At the end of the year, financial assets and liabilities were broken down as follows:

Financial Assets	**Category**	**Accounting Value**	**Valuation Method**
Other non-current assets	Accounts receivable	1,710,740	Amortised cost
Financial assets available for sale	Available for sale	733,685	Fair value on impact P&L
Cash and cash equivalents	Accounts receivable	29,316,069	Amortised cost
Clients	Accounts receivable	4,189,544	Amortised cost
State and other public entities	Accounts receivable	871,210	Amortised cost
Other debtors	Accounts receivable	1,592,231	Amortised cost
Advances to suppliers	Accounts receivable	68,699	Amortised cost
		38,482,178	

Financial Liabilites	**Category**	**Accounting Value**	**Valuation Method**
Loans	Amortised cost	56,611,114	Amortised cost
Financial leasing	Amortised cost	1,033,849	Amortised cost
Suppliers	Amortised cost	21,767,130	Amortised cost
State and other public entities	Amortised cost	3,886,559	Amortised cost
Other creditors	Amortised cost	5,036,296	Amortised cost
		88,334,948	

Only Financial Assets (such as Clients and Other Debtors) presents impairment losses, as evidenced in Note 14. On 31 December 2011 and 2010, profit or losses related with these financial assets and liabilities were as follows:

	Profit/(Loss)	
	Dec/11	**Dec/10**
Accounts receivable	-232,375	-24,525
Assets available for sale	-	-
Assets amortised cost	-	-
	-232,375	-24,525

The interest of financial assets and liabilities were as follows:

	Interest	
	Dec/11	Dec/10
Accounts receivable	-	-
Assets available for sale	-	-
Liabilities amortised cost	1,951,928	1,386,781
	1,951,928	1,386,781

29. DIVIDENDS

At the General Meeting of 11 April 2011, the company decided to pay a gross dividend of 0,055 euros per share (0,055 euros in 2010), which was paid on 11th May 2011 corresponding to a total value of 990,000 euros (990,000 euros in 2010).

30. CASH FLOWS FROM OPERATIONS

Cash flows from operations are broken down as follows:

	2011	2010
Receipts from clients	195,056,707	212,049,086
Payments to supliers	-112,133,112	-123,909,555
Staff payments	-49,047,909	-57,358,772
Payments/receipt of income tax	-3,355,057	-4,879,996
Other paym./receipts related with operating activities	-11,349,301	3,767,132
Cash flow generated by the operations	19,171,328	29,667,895

31. CONTINGENCIES

The group has contingent liabilities regarding bank and other guarantees and other contingencies related with its business operations (as licensing, advertising fees, food hygiene and safety and employees, and the rate of success of these processes is historically high in Ibersol). No significant liabilities are expected to arise from the said contingent liabilities.

On 31 December 2011, responsibilities not recorded by the companies and included in the consolidation consist mainly of bank guarantees given on their behalf, as shown below:

	Dec/11	**Dec/10**
Guarantees given	74,091	129,872
Bank guarantees	3,970,973	4,093,880

On type of coverage, bank guarantees are as follows:

Leases and rents	Fiscal and legal proceedings	Other legal claims	Other supply contracts
2,014,025	**1,071,180**	**249,620**	**636,148**

Bank loans with the amount of 485,092 € (712,096 in 2010) are secured by Ibersol's land and buildings assets.

32. COMMITMENTS

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

33. JOINT UNDERTAKINGS

On 31 December 2011, the Balance Sheet and the Profit and Loss Account of the joint undertaking UQ Consult-Serviços de Apoio à Gestão, S.A, revealed the following:

	Dec/11
Tangible and intangible fixed assets (Notes 8 and 9)	783,466
Receivables from third parties	798,831
Cash and cash equivalents	14,851
Accruals and deferrals	63,271
Total assets	**1,660,419**
Equity	**168,416**
Short term debts to third parties	1,416,433
Accruals and deferrals	75,569
Total liabilities	**1,492,003**
Total equity and liabilities	**1,660,419**

	Dec/11
Operating income	2,538,885
Operating costs	-2,517,804
Net financing cost	-17,242
Pre-tax income	**3,839**
Income tax	11,487
Net profit	**-7,648**

On December 31, 2011, the total value of balances and transactions with the joint undertaking UQ Consult were, respectively, 469,963 and 2,447,025 euros.

The cash flows of the joint venture were as follows:

	2011
Flows from operating activities	223,234
Flows from investment activities	-413,790
Flows from financing activities	-17,242
Change in cash & cash equivalents	**-207,798**

34. TRANSACTIONS WITH RELATED PARTIES

The following entities have a qualifying shareholding, with over 10% of voting rights in the group:

- António Carlos Vaz Pinto de Sousa – 1,400 shares
- António Alberto Guerra Leal Teixeira – 1,400 shares
- ATPS, SGPS, S.A. – 425,182 shares
- IES, SGPS, S.A. – 9,998,000 shares

After deducting own shares, there are still 39% of shares dispersed among other shareholders.

The balances and transactions with related entities are nor materially relevant, except when related to what is stated next.

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, 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 António 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).

35. IMPAIRMENT

Movements during the year 2011, under the heading of asset impairment losses were as follows:

	Starting balance	Cancellation	Reclassification		Impairment assets disposals	Losses in the Year	Impairment reversion	Closing balance
Tangible fixed assets	4,273,772	-	-161,356	(1)	-847,910	2,430,292	-140,927	5,553,870
Consolidation differences	1,861,678	-	-		-	-	-	1,861,678
Intangible assets	357,515	-	-221,802	(1)	-	711,586	-56,221	791,079
Stocks	74,981	-	-		-	-	-	74,981
Other current assets	678,030	-126,902	279,284	(2)	-	246,825	-14,450	1,062,787
	7,245,975	**-126,902**	**-103,874**		**-847,910**	**3,388,703**	**-211,597**	**9,344,395**

(1) in the year 2011, reclassifications were made against the depreciation of their assets.
(2) in the year 2011, a correction was made in which the debts and their adjustments were cancelled by both headings and overblown (Note 14).

36. IFRS STANDARDS ALREADY ISSUED OR REVIEWED AND FOR FUTURE APPLICATION

a) the impacts of the adoption of standards and interpretations that became effective on 1 January 2011, are as follows:

Standards:

IAS 32 (amendment), "Financial instruments: Presentation – classification of rights issued" (to apply for the financial years beginning on or after 1 February 2010). This amendment refers to expensing of rights issued in a currency other than the functional currency of the issuer. If the rights are issued pro rata to the shareholders by a fixed amount in any currency, it is a transaction with shareholder equity to sort. Otherwise, the rights should be recognised as derivatives liabilities. This amendment had no impact on the entity's financial statements.

IFRS 1 (amendment), "First-time adoption of IFRS". This change allows entities that adopt IFRS for the first time, to enjoy the same transitional arrangement of IFRS 7 – "Financial instruments – Disclosures", which allows exemption in the disclosure of comparative to fair value rating by three levels required by IFRS 7, since the comparative period ends before 31 December 2009. This amendment does not apply to the entity's financial statements already reported on IFRS.

IAS 24 (amendment) "Related parties". This amendment eliminates the general requirements for disclosure of related parties to public entities but it is mandatory for the disclosure of any significant transactions that have occurred with public entities or State-related entities. Additionally the definition of related party has been changed to eliminate inconsistencies in the identification and dissemination of related parties. This amendment had no impact on the entity's financial statements.

Annual improvement of standards in 2010, to be applied mostly to years starting on or after 1 January 2011. The annual process of improvement in 2010 affects the standards: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13. These improvements were implemented by Ibersol, when applicable, except for IFRS 1 improvements, has Ibersol financial statements already reported on IFRS.

Interpretations:

IFRIC 14 (amendment) "IAS 19 - the limitation to assets arising from defined benefit plans and their interaction with minimum contributions requirements". This amendment clarifies that when the asset is a result of voluntary prepayments made by future minimum contributions account, the excess positive can be recognised as an asset. This amendment had no impact on the entity's financial statements.

IFRIC 19, "Regularization of financial liabilities with equity instruments". This interpretation clarifies the accounting treatment to be adopted when an entity renegotiates the terms of a debt which results in the payment of liabilities by issuing equity instruments (shares) to the creditor. A gain or loss is recognized in the results of the exercise, based on the fair value of equity instruments issued and comparing with the book value of debt. The simple reclassification of debt capital is not allowed. This amendment had no impact on the entity's financial statements.

b) There are new standards, amendments and interpretations to the existing standards, which although they are already published, their implementation is only required for annual periods beginning on or after 1 July 2011:

Standards

IFRS 1 (amendment), "First-time adoption of IFRS" (to apply for the financial years beginning on or after July 1, 2011). This amendment is still subject to adoption by the European Union.This amendment includes a specific exemption for the early adopters of IFRS that used to operate in hyperinflationary economies. The exemption allows an entity to elect to measure certain assets and liabilities at fair value using the fair value as "deemed cost" in the statement of financial position for the opening IFRS. Another amendment refers to the removal of dates on exceptions to retrospective application of IFRS for the first time. This amendment had no impact on the entity's financial statements.

IRFS 7 (amendment), "Financial instruments: Disclosures" – Transfer of financial assets (to apply for the financial years beginning on or after July 1, 2011). This amendment to IFRS 7 refers to the disclosure requirements in respect of financial assets transferred to third parties but still recognised on the balance sheet by the entity keeping obligations or continuing involvement. This amendment had no impact on the entity's financial statements.

IAS 12 (amendment), "Income taxes" (to apply for the financial years beginning on or after 1 January 2012). This amendment is still subject to adoption by the European Union. This amendment requires an entity to measure deferred tax related to assets depending on whether the entity expects to recover the net asset value through the use or sale, except for investment properties measured in accordance with the fair value model. This amendment incorporates the principles in IAS 12 included in SIC 21, which is repealed. This amendment has

no impact on the entity's financial statements.
IFRS 1 (amendment), "Presentation of Financial Statements" (to apply for the financial years beginning on or after 1 January 2012). This amendment is still subject to adoption by the European Union. This amendment requires entities to present separately items on the hedge of Other comprehensive income, depending on whether they can be recycled or not in the future by the income tax and its impact, if the items are presented before tax. This amendment had no impact on the entity's financial statements.

IFRS 9 (new), "Financial instruments – classification and measurement" (to apply for the financial years beginning on or after 1 January 2013). This standard is still subject to adoption by the European Union. IFRS 9 refers to the first part of the new standard on financial instruments and provides two categories of measurements: amortised cost and fair value. All instruments are measured at fair value. A debt instrument is measured at amortised cost only when the entity has to receive the contractual cash flows and cash flows represent the nominal and interest value. Otherwise the debt instruments are valued at fair value through earnings. The entity will apply the IFRS 9 in the year in which it becomes effective.

IFRS 10 (new), "Consolidated financial statements" (to apply for the financial years beginning on or after 1 January 2013). This standard is still subject to adoption by the European Union. The IFRS replaces all 10 principles associated with the control and consolidation included in IAS 27 and SIC 12, changing the definition of control and the criteria for determining control. The basic assumption that consolidated accounts present parent company and subsidiaries as a single entity is unchanged. The entity will apply the IFRS 10 in the year in which it becomes effective.

IFRS 11 (new), "Joint agreements" (to apply for the financial years beginning on or after 1 January 2013). This standard is still subject to adoption by the European Union. IFRS 11 focuses on the rights and obligations of the joint agreements rather than the legally ones. Joint arrangements may be joint operations (rights over assets and obligations) or joint ventures (rights on net assets by applying the equity method). Proportional consolidation is no longer permitted. The entity will apply the IFRS 11 in the year in which it becomes effective.

IFRS 12 (new) "Disclosure of interests in other entities" (to apply for the financial years beginning on or after 1 January 2013). This standard is still subject to adoption by the European Union. This standard establishes disclosure requirements for all types of interests in other entities, including joint ventures, associates and special purpose entities, in order to assess the nature, risk and financial impacts associated with the interest of the Entity. An entity can perform some or all of the disclosures without having to fully apply IFRS 12 or IFRS 10 and 11 and the IAS 27 and 28. The entity will apply the IFRS 12 in the year in which it becomes effective.

IFRS 13 (new) "Fair value: measurement and disclosure" (to apply for the financial years beginning on or after 1 January 2013). This standard is still subject to adoption by the European Union. The IFRS 13 is intended to improve consistency, by providing a precise definition of fair value and provides the only source of measurement and disclosure requirements for fair value to be applied crosswise for all IFRS. The entity will apply the IFRS 13 in the year in which it becomes effective.

IAS 27 (review 2011) "Separate financial statements" (to apply for the financial years beginning on or after 1 January 2013). This standard is still subject to adoption by the European Union. IAS 27 was revised after the issue of IFRS 10 and contains the accounting and disclosure requirements for investments in subsidiaries and joint ventures and associates when an entity prepares separate financial statements. The entity will apply the IAS 27 in the year in which it becomes effective.

IAS 28 (review 2011) "Investments in associates and joint ventures" (to apply for the financial years beginning on or after 1 January 2013). This standard is still subject to adoption by the European Union. IAS 28 was revised after the issue of IFRS 11 and prescribes the accounting treatment of investments in associates and establishes the requirements for applying the equity method. The entity will apply the IAS 28 in the year in which it becomes effective.

IAS 19 (review 2011), "Employee benefits" (to apply for the financial years beginning on or after 1 January 2013). This standard is still subject to adoption by the European Union. This review introduces significant differences in the recognition and measurement of defined benefit costs and benefits of employment termination as well as disclosures to be made for all employee benefits. Actuarial come to be recognized immediately and only in "Other comprehensive income" (not allowed the corridor method). The financial cost of created funds is calculated on the basis of the net unanchored liability. The Benefits of termination of employment only qualifies as such if there is no obligation to provide future service employee.The entity will apply the IAS 19 in the year in which it becomes effective.

IFRS 7 (amendment), “Disclosure – compensation of financial assets and liabilities” (to apply for the financial years beginning on or after 1 January 2013). This standard is still subject to adoption by the European Union. This amendment is part of the project of “compensation of assets and liabilities” of the IASB and introduces new disclosure requirements on unaccounted paid duties (of assets and liabilities), on offset assets and liabilities and on remunerate risk exposure credit effect. The entity will apply the IFRS 7 in the year in which it becomes effective.

IAS 32 (amendment) “Offset of financial assets and liabilities” (to apply for the financial years beginning on or after 1 January 2014). This standard is still subject to adoption by the European Union. This amendment is part of the project of “compensation of assets and liabilities” of the IASB which clarifies the term “currently holds the legal right to compensation” and clarifies that in some systems the gross settlement (clearing) may be equivalent to the compensation by net amounts The entity will apply the IAS 32 in the year in which it becomes effective.

37. SUBSEQUENT EVENTS

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

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for emission on 16th March 2012.

pwc

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Consolidated Financial Information
(Free translation from the original version in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Financial Information included in the consolidated Directors' Report and in the consolidated financial statements of **Ibersol, S.G.P.S., S.A.**, comprising the consolidated balance sheet as at 31 December 2011, (which shows total assets of Euros 227,749,580, a total shareholder's equity of Euros 114,845,206, which includes non-controlling interests of Euros 4,449,991 and a net profit of Euros 6,125,138), the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 the consolidated Directors' Report and consolidated financial statements which present fairly, in all material respects, the financial position of the company and its subsidiaries, the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt adequate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, the financial position or results of the company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely if it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Accordingly, our audit included: (i) verification that the Company and subsidiary's financial statements have been properly examined and for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of Board of Directors used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations; (iii) assessing the appropriateness and consistency of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v) assessing the overall presentation of the consolidated financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
o☐Porto Bessa Leite Complex, Rua António Bessa Leite, 1430 - 5º, 4150-074 Porto, Portugal
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

5 Our audit also covered the verification that the financial information included in the Director's report is in consistent with the financial statements, as well as the verification set forth in paragraph 4 and 5 of article 451º of the companies code.

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

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of **Ibersol, S.G.P.S., S.A.** as at 31 December 2011, the consolidated comprehensive income of its operations, the changes in consolidated equity, and the consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated 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.

Report and Opinion of the Fiscal Board of IBERSOL SGPS, S.A.

To the Shareholders,

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 2011.

Supervision

The Fiscal Board accompanied, within the scope of its competencies, the management of the company and its subsidiaries, oversaw, with the scope considered adequate under the circumstances.

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 & Associados, 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; they provided detailed information about the resulting conclusions. The External Auditor and Statutory Auditor kept us informed of the scope and the results of the audit work performed.

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 or third parties was 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.

Additional services were hired at the External Auditor, whose main value corresponds to the support services for conversion to the new system of accounting and internal training to operate the new system. In this matter, the Fiscal Board had, in the previous fiscal year, approved the hiring of these additional services, and it's extension to the period of the fiscal year referred to at the present report. The provision of additional services performed by the external auditor did not reach the threshold of 30% of the total value of provided Services. The hiring was done at market value, did not affect their independence and had a view, in essence, to ensure the efficiency, speed and transition security systems.

The Fiscal Board examined the individual and consolidated management report and the individual and consolidated financial statements, it's respective annexure, including the 2011 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 with article 245º-A of the Portuguese Securities Market Code.

Opinion

Considering the above, the opinion of the Fiscal Board is::

- The management reports, the financial consolidated and individual statements of 2011 allow the understanding of the evolution of business and financial condition of the society, as well as the companies included in its scope of consolidation and its results, that were drawn up in accordance with legal rules in effect.

- The proposal of net profit appropriation is in conformity with the law and the statutes.

- The Corporate Governance Report annex to the Management Report complies the article 245º-A of the Portuguese Securities Market Code .

So all the necessary conditions are fulfilled in order for the Shareholders General Meeting approve them.

Responsibility Statement

In accordance with paragraph c) number 1 of article 245 of the Portuguese Securities Market Code we inform that, to our knowledge, the information contained in the individual and consolidated financial statements 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, 21 March 2012

The Fiscal Board.

IBERSOL, SGPS, SA
Edifício Península - Praça do Bom Sucesso
n.º 105 a 159 - 9 º andar
4150 - 146 Porto - Portugal