

MANAGEMENT REPORT AND ACCOUNTS

2014



ESTORIL SOL SGPS SA

ESTORIL-SOL, SGPS, S.A.

Fully paid up share capital: 59.968.420 Euros

Headquartered at: Av. Dr. Stanley Ho, Edifício do Casino Estoril, 2765-190 Estoril - Cascais

Tax id number: 500 101 221



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BOARD OF THE ANNUAL GENERAL MEETING

Chairman	- Pedro Canastra de Azevedo Maia
Deputy Chairman	- Tiago Antunes da Cunha Ferreira de Lemos
Secretary	- Marta Horta e Costa Leitão Pinto Barbosa

ADVISORY BOARD

Chairman	- Rui José da Cunha
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REMUNERATION COMMITTEE

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

BOARD OF DIRECTORS

Chairman	- Stanley Hung Sun Ho
Deputy-Chairmen	- Mário Alberto Neves Assis Ferreira
	- Huen Wing Ming, Patrick
Members	- Ho Chiu King, Pansy Catilina
	- So Shu Fai, Ambrose
	- Man Hin Choi
	- António José de Melo Vieira Coelho
	- Vasco Esteves Fraga
	- Jorge Armindo de Carvalho Teixeira
	- Calvin ka Wing Chann
	- Miguel António Dias Urbano de Magalhães Queiroz

EXECUTIVE COMMITTEE

Chairman	Ho Chiu King, Pansy Catilina
Deputy-Chairmen	Jorge Armindo de Carvalho Teixeira
	Vasco Esteves Fraga
	Calvin ka Wing Chann

AUDIT BOARD

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

COMPANY SECRETARY

Secretary:	- Carlos Alberto Francisco Farinha
Alternate:	- Artur Alexandre Conde de Magalhães Mateus

STATUTORY AUDITOR

- Lampreia & Viçoso, SROC - Represented by José Martins Lampreia



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Dear Shareholders,

Pursuant to the legal and statutory provisions, we hereby present and submit the Annual Report and the Individual and Consolidated Accounts, referring to the year ended 31 December 2014, for your appreciation.

1. THE COMPANY

Estoril Sol, S.A. was incorporated on 25 June 1958 and its company object is “the operation of the gambling concession, on an exclusive basis, in the Estoril permanent area, including other related trade and industries”.

On 18 March 2002, ESTORIL-SOL, SA modified its legal status to “Holding Company, SGPS”, Public Corporation, thereby no longer directly conducting any business activities, and such business is now to be conducted by various associated undertakings which have been incorporated for this purpose.

The Company held indirectly through subsidiaries interests in the tourism sector, in particular, in gaming activities at casinos. The Company owns the Game Concessions of Estoril (Casino do Estoril and Casino Lisboa) and Póvoa de Varzim.

During the year we monitor regularly and in detail the current management of the subsidiaries, giving particular attention and support to streamline processes and control costs.

2. SHARE CAPITAL, SHARES AND DIVIDENDS

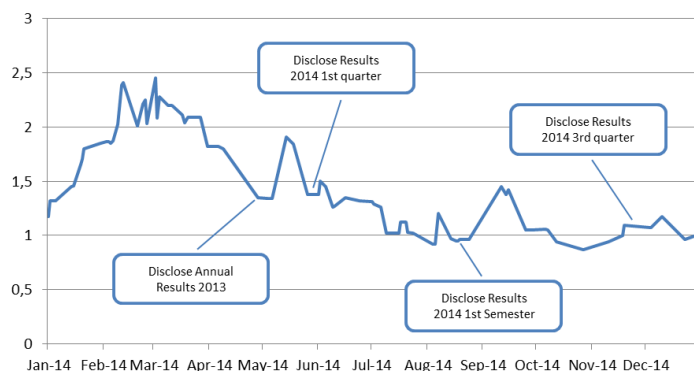
At 31 December 2014, the share capital of ESTORIL-SOL, S.G.P.S., S.A. was 59.628.420 Euros, represented by 11.993.684 shares with a nominal unit value of 5 (five) Euros, of which 6.116.779 were registered shares and 5.876.905 bearer shares.

At the time this report was prepared, ESTORIL SOL, SGPS, S.A. held 62.565 treasury shares, with no trading taking place during the financial year.

During the year 2014, the Company, did not sold or acquired own shares.

The Company's shares are listed on the Lisbon Stock Exchange since February 14, 1986.

**Estoril-Sol, SGPS, S.A.
Shares price - evolution**



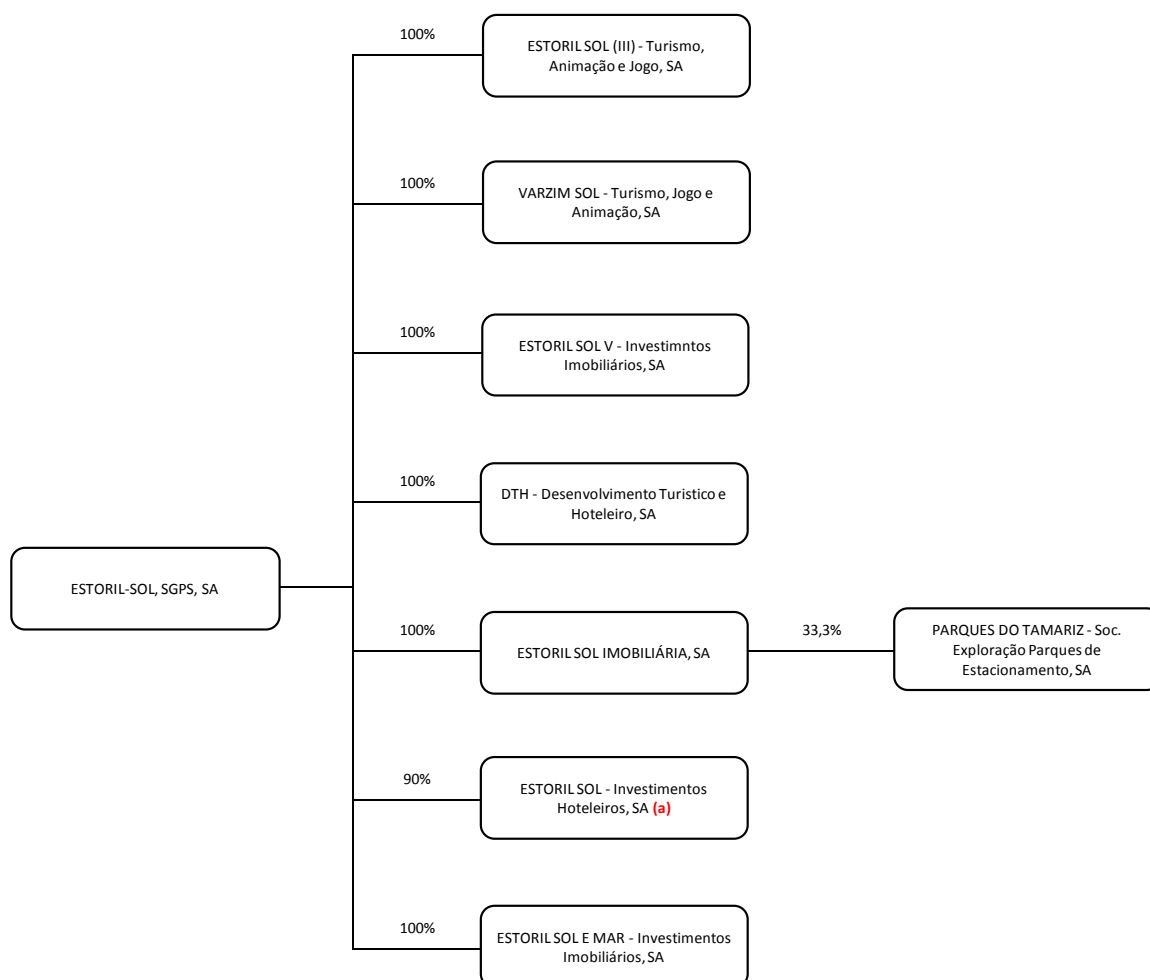
The price and trading volume of Estoril-Sol, SGPS, SA securities, on the dates of reporting to the market during the year 2014 were according table below:

Date for disclosing Estoril-Sol, SGPS, S.A. , information

Disclosure	Date	Qtyd	Price (Euros)			
			Open	High	Low	Close
Annual results for 2013	30-04-2014	795	1,35	1,35	1,35	1,35
2014, 1st Quarter results	30-05-2014	393	1,38	1,38	1,38	1,38
2014, Semester results	21-08-2014	851	0,96	0,96	0,96	0,96
2014, 3rd Quarter results	28-11-2014	252	1,00	1,09	1,00	1,09

During 2014 the Company did not paid any dividend.

3. ESTORIL-SOL GROUP



(a) - Holds 10% of its Share Capital

During the year 2014 the subsidiary company Chão do Parque – Investimentos Imobiliários, S.A. was dissolved, as it had no longer any assets and did not engage any economic activity since the year 2010. No additional losses resulted from this operation to the Group Estoril-Sol.

On 31 December 2014, ESTORIL-SOL, S.G.P.S., S.A. had the following stakes in the following subsidiaries:

ESTORIL-SOL (III) - TURISMO ANIMAÇÃO E JOGO, S.A., incorporated on 26 July 2001, headquartered in Estoril, the social object of which is the operation of games of chance in areas where this is permitted by law and, in addition, may also operate in the tourism, hotel, restaurant and entertainment industries, as well as providing consultancy services in those areas of activity. This company operates the Estoril and Lisbon Casinos.

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

VARZIM SOL - ANIMAÇÃO, TURISMO E JOGO, S.A., headquartered in Póvoa de Varzim, has the social object, in particular, of operating the gambling concession of Póvoa de Varzim. This company operates the Póvoa de Varzim Casino.

It has a share capital of EUR 33.650.000, 100% held by ESTORIL SOL, S.G.P.S., S.A..

ESTORIL SOL (V) - Investimentos Imobiliários, S.A. - Its share capital of EUR 50,000 is fully paid up by ESTORIL-SOL, S.G.P.S., S.A.. The Company is now idle, but owns a site located on maritime land in the parish of Ericeira.

DTH - DESENVOLVIMENTO TURÍSTICO E HOTELEIRO, SA – With a share capital of EUR 2,429,146, is 100% held by ESTORIL-SOL, S.G.P.S., S.A.. It owns a plot of land in Monte Estoril, where the former Miramar Hotel stood.

ESTORIL - SOL IMOBILIÁRIA, S.A. - With a share capital of EUR 7,232,570, it is 100% owned by ESTORIL SOL, S.G.P.S., S.A.. Its social object is the construction, promotion, management and sale of tourist complexes and real estate.

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

ESTORIL SOL - INVESTIMENTOS HOTELEIROS, S.A. - With a share capital of EUR 10,835,000 is 90% held by ESTORIL SOL, S.G.P.S., S.A., with the remaining 10% being held by the company itself.

ESTORIL SOL E MAR - Investimentos Imobiliários, S.A. - With a share capital of EUR 1.286.000, is fully paid up by ESTORIL-SOL, S.G.P.S., S.A..

4. FINANCIAL ANALYSIS – MACROECONOMIC ENVIROMENT

The year 2014 reconfirmed the backdrop of weak global growth in the Eurozone recorded in recent years, as well as high unemployment rates, remaining way above the levels seen before the crisis took place.

Recent years have been dominated by restrictive and austerity policies, both working towards strengthening the recessive economic cycle trend, particularly in peripheral economies, such as Portugal and other Southern Europe countries, which continue to show high levels of debt and, in this context, still threatened by a potential crisis, arising from the possible increase in financial markets volatility. Under such macroeconomic framework the BCE (European Central Bank) carried out an expansionary monetary policy that sought to answer the stimulus requirements to the economy of the Eurozone. The reference interest rates fell to historical low levels and credit and financing conditions showed a significant improvement for the majority of the peripheral countries, such as Portugal.

During 2014 Portugal concluded the Economic and Financial Assistance Program agreed with the International Authorities. Also during 2014 and after three years of consecutive declines, the Gross Domestic Product (GDP) increase by 0,9%, continuing the gradual recovery trend started in 2013. This positive evolution was marked by a relatively stable level of economic activity during the first half of 2014, followed by an increase in the second half of the year. The slight increase in economic activity was followed by an increase in employment levels, as the unemployment rate fell 2,3%, but still remained at high levels, 13,9% according to official sources. In the current context of wage moderation and descending external prices pressures the “Consumer prices index” (HICP) decreased 0,2% during 2014, after an increase of 0,4% during 2013, reflecting a sharper drop of energy prices along with a slowdown in the prices of non-energy goods and services.

The latest projections of the Bank of Portugal for the Portuguese economy point to a gradual recovery in economic activity in the three year period 2015-2017, with estimated growth of gross domestic product (GDP) of 1,7% for the year 2015 (against 0,9% achieved during 2014). Nevertheless, the same sources, anticipate that domestic demand will tend to maintain a moderate growth, conditioned by the need for continued fiscal consolidation and the high levels of private sector debt.

5. FINANCIAL ANALYSIS - INDIVIDUAL ACCOUNTS

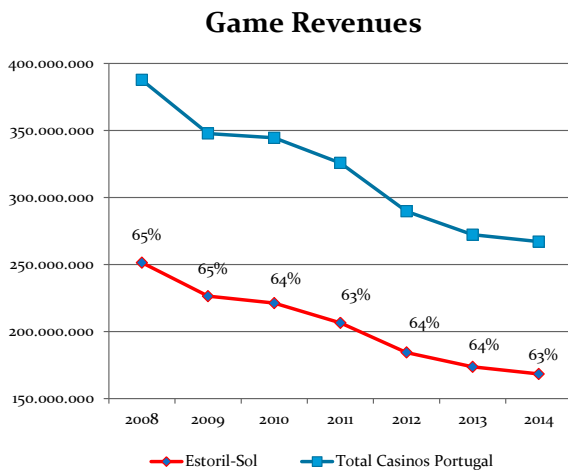
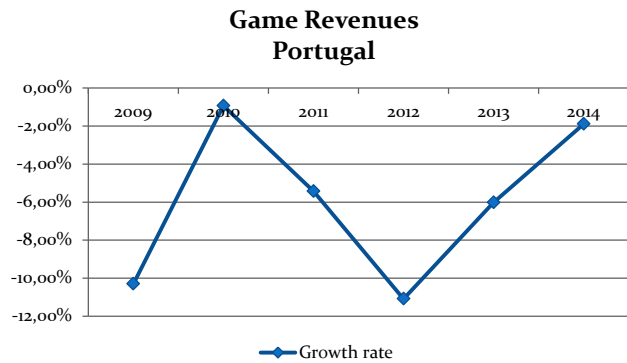
The Company does not directly exercise any economic activity and so the net income recorded in the year, basically arises from of the increased valuation of the financial investments in the subsidiary companies by the equity pick-up method.

The net result for the year was negative by 1,9 million Euros, but shows an improvement compared to the net loss of 2,1 million Euros from the previous year. Since the gains and losses imputed from the subsidiary companies are leveled with the previous year, the slight results improvement essentially results from a reduction in financial costs incurred by Estoril-Sol, SGPS,S.A., as a direct effect of the adoption by the Group, which also includes the holding company and its subsidiary companies, of a progressive bank debt reduction policy. The company reimbursed during the year 2014 all of its remaining bank debt, which in the year 2013 amounted to approximately 5 million Euros.

6. FINANCIAL ANALYSIS - CONSOLIDATED ACCOUNTS

The financial adjustment and macroeconomic policies of austerity, to which adds the inadequate, given the current situation, high levels of taxation over the Gaming activity in Portugal, have strongly conditioned the performance of the Game industry in Portugal as well as Estoril-Sol operations.

Revenues from Gambling in Portugal have been suffering successive contractions over the recent years, and in 2014 turned to fall about 2%, adding up successive and cumulative losses of 31% over the past six years. Although games revenues decrease during the year 2014, they decrease less than in recent years, a trend that has been evident since 2013, with perspective of a gradual recovery as indicated by the most recent projections for the year 2015, already aiming for moderate positive revenue growth rates.



The Estoril-Sol Group, through its subsidiaries, operates three of the four biggest casinos in Portugal, accounting for 63% of net income and taxes paid and generated by the activity in Portugal.

Revenues from Gambling in Portugal in 2014 amounted to approximately 267 million Euros. The Estoril-Sol Group maintained its market share, between 63% and 65%, with gross game revenues totaling approximately 168 million Euros, which represent 78 million Euros net revenues from game taxes.

Although the Group has suffered a drop in gaming revenue on the order of 3%, equivalent to 2,7 M€ revenue loss, 81,1 M€ net revenues in 2013 compared to 78,4 M€ Euros during 2014, the operational restructuring measures implement during the recent years in subsidiary companies, namely, Estoril-Sol (III) and Varzim-Sol, allowed the Group to accommodate these losses and limit its impact on the erosion of the operating results. As a consequence, a 2,7M€ decrease in the game revenues meant a loss in terms of operating results (EBITDA) of 1,3 M€. This performance is mainly due to the increase of other operating revenues, mainly from entertainment and food & beverage areas, and also due to the slight decrease of the Group's operating costs. The combination of these two factors allowed to limit the loss caused by the fall of gaming revenues. The Group's consolidated operating results (EBITDA) were approximately 26M€, compared with 27,2M€ achieved during the previous year.

	Dec - 2014	Dec - 2013	Var %
Gaming Revenue	168.229.361	173.564.334	-3,1%
Special Gaming Tax	-89.746.720	-92.463.947	a)
Effective Tax Rate	53%	53%	
Game Revenue - Net	78.482.641	81.100.388	-3,2%
Other revenue (F&B / Entertainment)	7.491.674	6.584.756	13,8%
Operating costs	-59.992.069	-60.387.364	-0,7%
EBITDA	25.982.246	27.297.780	-4,8%
Amortization and Depreciation	-20.953.672	-20.227.291	4%
Financial Costs	-6.566.729	-7.830.135	-16%
Income tax (IRC)	-198.126	-129.473	53%
Consolidated net result of the year	-1.736.283	-889.120	-95%

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

In a concerted effort to financial stability and less dependence on third parties, the Group reduced its bank debt by 16 M€, this reduction results in a significant decrease in financial costs incurred by the Group. Estoril-Sol supported almost 6,5 M€ with loan interests, a decrease of 16% over the previous year.

The Consolidated Net Profit in 2014 was negative by 1,7M€ compared with 0,9 M€, also negative, in the previous year, and mainly reflects the optimization of the cost structure of the Group in contrast with the decline of gaming revenues for the sixth consecutive year.

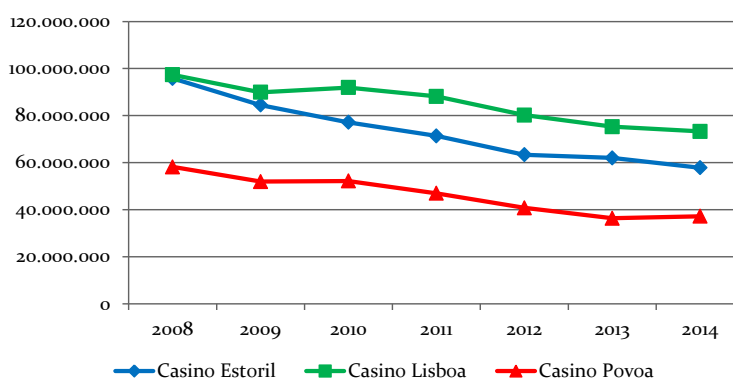
7. FINANCIAL ANALYSIS – REPORTING BY SEGMENTS

The Group's activities are mainly focused on the exploration of the Casinos: Estoril and Lisboa, conceded until 2020 to Estoril-Sol (III), and Casino da Póvoa conceded to Varzim-Sol until 2023.

Similar to what happens with the sector in Portugal, also gaming revenues from casinos operated by the Group have successively been in decline. In the year 2014 the segment most penalized was Casino do Estoril where gaming revenues fell 6,7% from 62 M€ in 2013 to the current 57,8 M€.

The second segment most penalized was Casino Lisboa, where gaming revenues fell by 2,6%, from 75,2 M€ to 73,2 M€.

Gaming Revenue - by Casino



Although the Group as a whole has shown declines in gaming revenues in order of 3%, Casino da Póvoa, unlike the other casinos, showed a positive growth rate of gaming revenues of 2,3%, breaking a cycle of losses observed since 2008. This growth represented for Casino da Póvoa an increase in game revenues of approximately 1 M€. This performance is particularly significant as the other Group casinos and the industry itself showed negative growth rates.

All these accumulated revenue breaks, resulted in part of successive years driven by a contraction in the Portuguese and European economies. This less positive macroeconomic environment led the Group to adopt policies of rationalization and resources optimization in order to achieve the economic and financial balance of the Concessions in which it operates.

	Estoril	Lisboa	Póvoa	Other
Gaming Revenue	57.765.017	73.256.305	37.208.039	
Game taxes	-28.904.922	-36.634.499	-24.207.300	
Effective Tax Rate	50%	50%	65%	
Net Revenue	28.860.096	36.621.806	13.000.740	
EBITDA	8.280.013	18.688.198	379.794	
EBITDA Margin	14%	26%	1%	
Amortization and Depreciation	-7.922.921	-7.457.113	-5.802.019	
Financial Costs	-2.315.819	-2.330.412	-1.725.216	
Net Result of the Segment	-1.958.726	8.900.673	-7.147.441	
Other Segments Operating Results				-1.530.789
Consolidated net result of the year				-1.736.283

During 2014 the Board of Directors from the operating companies responsible for managing the three casinos has

continued to implement measures to reduce costs and values of new investment. As a result of this strategy all the Casinos operated by the Group present business positive operating margins (EBITDA), with special relevance for Casino Lisboa (18,8 M€) and Casino Estoril (8,2 M€). The casinos managed by the Group show good positive operating margins or very close to break-even in the case of Casino da Póvoa. It must be emphasize that these performances, with special focus over Casino da Póvoa, have been repeatedly penalized by tax rates applied to game revenues, which in the case of Casino da Póvoa achieve a 65% effective tax rate over game revenues for the year ended December 2014, proving once more the high and inadequate levels of taxation over game revenues given the current situation of the Portuguese casinos.

Pursuing a very careful selection of the investments, the Group made investments (CAPEX) during the year 2014 in the total amount of approximately 5,1 M€, from these, 3,5 M€ were invested at casino do Estoril and mainly applied in the acquisition of new video surveillance solution for game rooms and renewal of game equipment. The purchase of this type of equipment, video surveillance of the game rooms, is fully reimbursed by Turismo de Portugal. The total investment in Casino de Lisboa was 1,4 M€ and in Casino da Póvoa 1,3M€, both applied in the renewal and replacement of game equipment,

Both the casinos, Póvoa and Estoril, present a negative net result of -7,1 M€ and -1,9M€ million Euros, respectively, unlike its counterpart in Lisboa with a positive net result of approximately 8,9 M€.

8. FINANCIAL POLICY OF THE GROUP

The Companies of the Estoril Sol Group pursue a financial policy based on the preservation of its financial independence, fundamentally based on the resources released each year.

With the support of various banks, the subsidiary use a number of variable rate financial instruments, the maturities of which are negotiated according to the foreseeable ability to release funds.

9. RISK MANAGEMENT

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

Physical and Contractual Risk:

The companies of the Group, aiming to prevent and minimize the risk inherent to their economic activities, have specialized technical services of supervision and control, responsible for the strict fulfillment of the standards of physical safety of customers, employees and installations and also compliance with the legislation that regulates the Gaming activity in Portugal, and it should be pointed out that Portuguese Casinos are subject to the permanent supervision by the State through the Gambling Inspection Service of the Instituto do Turismo de Portugal I.P.

Periodically, with the collaboration of an external entity, risk analyses are carried out on the procedures used and on the physical safety of the assets.

Business Risk:

The subsidiaries Estoril Sol (III) and Varzim Sol operate gaming concessions in Casinos. In the last few years, this operating sector has been experiencing increased technological growth, particularly focused on slot machines, which requires the ongoing renewal of the product range. The Company systematically keeps up with this evolution, visiting manufacturers, taking part in international specialty trade shows and regularly investing in new equipment.

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

The Group Companies continued, also during 2014, whether through the Portuguese Association of Casinos or directly, to call the Portuguese Government's attention to the need to take legislative measures to prevent this situation, following the example of significantly effective measures taken in the USA and in Norway, thereby ensuring compliance with commitments pertaining to the exclusive right to gaming operations, as contractually assumed by the State.

Financial Risk:

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

Depending on the operating funds that are freed up, we feel the financial risk to which the associated undertakings are exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that assets guarantees are dispensed with for operations under contract.

Credit Risk:

Portuguese legislation forbids casino concessionaires from granting credit to gaming activities, and so, in this regard, Group Companies are not exposed to credit risk. Other revenue from restaurant and entertainment activities, which account for only 3,0% of revenue, therefore represents insignificant exposure.

Exchange rate Risk:

All operations are carried out in Euros, and so the Company has no exchange rate exposure.

10. PROSPECTS**Background**

The main indicators of the national macroeconomic framework still do not allow us to conclude whether the country has entered a phase of sustained growth. And, if it is true that in 2014 some casinos managed to overcome their minimum level of income, the sector, as a whole, still worsened its decline further 1.9%.

If the continued revenue shortfall and, in some cases, the accumulation of losses, were, alone, a cause for the deterioration of the operating conditions of all casinos well beyond the limits usually included in the operating risks of any economic activity, many of them continued still, to be confronted with the implementation, by the State, of additional minimum gaming taxes, increasing the risk of economic survival of the concessionaires subject to them.

The minimum gaming tax - to which our subsidiary concessionaires are bound to and to them has been applied - is mentioned in a table of absolute values that grow in real terms, 2% each year until the end of the concessions deadline. For Estoril concession, the real annual growth is 2.6%.

It should be noted that the system of the minimum gaming taxes does not apply to all gaming concessions. That is, not all concessions granted after 2001 (i.e. after the extension of the concession contracts existing on that date), are covered by the mentioned scheme: only the concessions granted until 2001 are covered by the said scheme of minimum gaming taxes, demonstrating the inconsistency and the absurdity of the whole situation that the government says it has no political conditions of change (or is it not rather lack of courage?).

The State has therefore taken as a prerequisite for fixing the scale that the revenues generated over the concession period would be ever-increasing until the last year and, it was not regulated what would happen, if these revenues do not behave this way and, instead, regressed.

That is, and in other words, the scale of the minimum gaming taxes, which is attached to the contracts, shows only a one-way formula that only provides the scenario for continued real growth in revenues, and not considered their decline.

When reality proved, from 2003 but mainly and exponentially, from 2008 that casinos' revenues decreased, the gaming concessionaires, through the Portuguese Association of Casinos, tried to raise the government awareness to the need to eliminate the minimum gaming scale, since, if it will be kept, it would lead to an aberrant perversity: the lower the revenue, the higher the tax.

The many efforts made did not constitute any undue pressure by the gaming concessionaires; were just the use of the legal right and contractually stipulated to request the amendment of the concession agreements on the grounds of extraordinary change in circumstances. Of course, as counterparties in good faith, the concessionaires did, over the years, successive appeals, requests made in good faith, for the Government to initiate a negotiation process in view of a solution which, by contractual transaction, would put an end to the intolerable impoverishment of the economic feasibility of the same and would safeguard the public interest.

Despite the detailed knowledge of the situation that was reported, and repeated expressions of understanding, the Government opted always for not responding or following up to the requests for negotiations to be started. This is what, following the firm conviction of the soundness of its position, justified that the initiation of proceedings against the State had been proposed, in which our subsidiary concessionaires requested the economic and financial rebalance of the concessions on the basis of changed circumstances shall be considered, proceedings that, today, are still pending.

The evidence that the model, on which the setting of the minimum gaming taxes was based, was outdated by a reality, not just different from that reality that by the same model it had been predicted but, more than that, the same diametrically opposed reality, and, therefore, needed to be corrected, did not raise or raises any doubt to the gaming concessionaires and to the most respected tax, administrative law and constitutional experts of this country who, on the subject, were consulted.

And regardless of the legal reasons demonstrating the absurdly unfair nature of that table of minimum gaming taxes - reason in itself sufficient for their review -, its application, leading to the situation that the lower the revenue, the higher the tax, reveals the material unconstitutionality that it is suffering, for an offence against several basic principles of taxation, constitutionally enshrined, namely, the principles of tax legality, ability to pay, taxation of real income and even equality.

It should also be noted, about the unconstitutionality topic and beyond the said material unconstitutionality, that the concessionaires have not even raised the fact that the tax burden on the sector have been fixed by the Government without the necessary legislative authorization, fact of unavoidable gravity and that gives rise to a flagrant situation of organic unconstitutionality. And, for the avoidance of doubt on the veracity of this serious statement, any citizen may just, - and, more importantly the Government itself - consult the minutes of the Portuguese Parliament at the time when the matter was discussed and note the statements produced, in particular by President at the time.

All these arguments have been thoroughly presented to the successive Governments since 2008. The explanation of the economic consequences for the concessionaires on the maintenance of the original table of minimum gaming tax was itself illustrative: either the situation will change in time or the gaming concessionaires covered would see undermined their own economic survival, endangering the public interest itself, in whose continuation the granting of the concessions were mainly based.

Compounding the situation of increasing weakness of the Portuguese casinos' revenues, the State continued to allow that online gaming companies, continue to operate illegally in Portugal, reaching the absurd and the affront when, through the Tourism of Portugal, while itself is a supervisory entity of the Portuguese casinos, it has sponsored a national motorcycling championship, in partnership with one of these illegal operators. Not to mention the presence clearly visible in terms of sponsorship, of those operators in other national sports championships.

After exhausting all possible awareness actions with the former Government, the Portuguese Association of Casinos and the concessionaires realized that no choice was left but go to court. One of the legal actions that they have decided to take against the State concerned the online gaming. Legal action in which the concessionaires claimed compensation from the State because their exclusive rights to operate games of fortune and chance in their respective areas of protection, - and for which considerable taxes were paid - were being complacently violated by the Government's inertia.

Political calendar reasons dictated, in the meantime, the change of Government.

And with this change came the promise that, this time, the sector's issues would be addressed. But it was necessary to give a proof of good faith. And as such, it was important to withdraw the legal action.

And the Portuguese Association of Casinos and all the concessionaires gave this proof of good faith.

At a very early stage, however, we realized that, after all, the way still had obstacles to such a decisive issue was finally resolved. This time the reason was "troika" presence in the country. While the Government recognized that the sector was in a very difficult situation and that the minimum gaming tax represented an aberrant situation, willingness to fix the problem was being repeatedly delayed.

Finally, the "Interministerial Committee on Online Gaming in Portugal" recognized that the concessionaires were unequivocally right. This entity under the responsibility and coordination of the Deputy State Secretary of the Deputy Minister and of Parliamentary Affairs comprised representatives of the various ministries

involved, especially of Finance and Economics, and that in its Final Report, dated of April 2012, unanimously voted, has expressly recommended the elimination of the minimum gaming tax and the adoption of several other measures to restore the economic and financial balance of the concessions. The concessionaires believed that the issue would finally be resolved.

However, and despite that express recommendation, the State decided to continue to ignore the matter. Given this attitude, the gaming concessionaires were forced again to go to the Court. And their first step was the judicial challenge, under the law, of the minimum gaming tax.

It is easy without discussion that in a kind of balance of his supposedly courageous reforms (published in book), the former Minister responsible, Dr. Alvaro Santos Pereira, will now boast about how he would have known to resist heroically to the Casinos' pressure, the "lobby" of casinos, as intentionally, he named it, or deliberately omitting or completely distorting the reality of the facts.

Because the reality was quite another.

Given the steps that that former Minister took the initiative to promote with the concessionaires and its reference shareholders, all involved believed, in good faith, the word of a minister who has given them the express commitment to set up a working group to solve, rapidly and smoothly, the problems the sector had been presenting as a consequence, in particular, of the minimum gaming taxes, since the government seemed to have no political capacity to eliminate them. And that was the reason why the concessionaires accepted to suspend the legal actions that were pending, which they did throughout the whole period because it was legally permitted.

Once again the promises, in this case representing a formal compromise were not met. This working group never had, even the first meeting, for reasons solely attributable to the Government.

Political calendar reasons determined, in the meantime, a change of responsibility of the Economic Ministry that supervises the casinos.

For reasons unfamiliar to the concessionaires, the new Minister asked to be excused from dealing with matters relating to casinos. This decision was communicated to the concessionaires by the Secretary of State for Tourism, whose responsible remained in the position, with the information that, from that date, he would deal directly with the Prime Minister.

Therefore, a new chapter in this process was opened.

The concessionaires have been exhaustively informed about the unwillingness to solve the problem of the minimum gaming tax at that mattered explore other paths that could contribute to the economic and financial rebalance of the concessions and, ultimately, to the survival of the casinos.

In this context, the State Secretary for Tourism wished to explore the possibility of granting to the concessionaires the right to open slot machines rooms (Arcades) outside casinos and in their areas of protected operating under a provision of the gaming Law, but with a tax lower than the one set for the respective concessions, close to the one that would be applied to the "on line" gaming that, finally, the Government proposed to regulate.

The idea behind the Government's proposal represents the possibility for the concessionaires, through the net proceeds of gaming tax generated in these "Arcades", to see compensated by excess, the requirement of payment of the minimum gaming tax.

The proposal of the Government, which required the agreement of all concessionaires, did not succeed. The geographical distribution criterion that the Government wished to impose would determine that, for our subsidiary Varzim Sol, the net increase of income obtained in the "Arcades", in conjunction with the loss of market for the competition, would barely compensate the amount payable to the State for the maintenance of the minimum gaming tax. In other words, the concessionaire Varzim Sol would have to bear a new and substantial investment and running all the risks associated with a new business, for, in the limit, trying to earn the money needed to, unlikely, to be able to pay the minimum gaming tax. If the maintenance of the minimum consideration in itself was unfair, everything pointed to this formula continued to be deeply unbalanced.

Hence, the Government presented a new formulation of the problem of the minimum gaming taxes which meant that the concessionaires would be able to pay a portion of the value of the minimum gaming tax in

installments, through a payment plan that would have to be jointly approved by the Ministry responsible and the Finance Ministry.

The grounds of the proposal were based in the express acknowledgment by the Government of its unwillingness or inability to change or promote changes to the existing framework of the minimum gaming taxes. Therefore, before the visible collapse of the companies, it is important to create urgently conditions that do not financially strangle the concessionaires, in order to enable their survival until the matter can be submitted for the consideration of a future Government.

In practical terms, this solution that the Government had "motu proprio" presented - and not at the request of the concessionaires - enables cash in banks, but does not relieve the concessionaires of the payment of the sums that are diluted in time if nothing, in the meantime, has been decided on the main issue. That is, the economic feasibility of the concessionaires will always be questioned.

After an extensive consideration, and noting the fact that a court's decision take time, the concessionaires resolved to join the payment plan, safeguarding that their joining could not harm the reason that they believe they have on the main issue and that courts should examine. As surely they will know how to appreciate the fact that, at least strange, of the gaming concessionaires being the only companies in Portugal, that did not benefit from the reduction in tax burden, particularly the one provided for in the review of the Corporate Income Tax Code, made by the current government. That is, at this point, and by action of this Government, all companies in Portugal are subject to a lower tax burden, with the exception of casinos. This will be the case to say that this situation is at least strange, inconsistent, inexplicable and obviously unconstitutional.

The online gaming regulation that, in the meantime, the Government has approved, represented, once again, a penalty to the gaming concessionaires. Unilaterally terminating the exclusive right of exploitation of games of fortune and chance in Portugal, - right by which the concessionaires paid considerable sums and assumed significant additional obligations - the law published, puts them in equal circumstances to the offenders of the past who, in the meantime, managed to illegally build their customer database, key factor in ensuring the success of this business, being perceived by the studies already carried out, that the current gaming concessionaires in little, if anything, could benefit, in the future, to balance their operating accounts, from the regulatory measure deliberated in the meantime.

The future

Given the results obtained in early 2015, it is accepted as possible, that the year 2015 will result in a small revenue growth rate, of which all casinos will benefit.

However, it should be noted that this possible - and marginal - growth is far from being able to contribute significantly to alleviate the accumulated loss of revenue that the sector has been experiencing. In fact, and considering only the annual rate in the period 2008 - 2014, it resulted in a brutal decrease, at current price of 120.62 million euros in revenues, representing a fall of 31.1% for which the casinos of Estoril Sol's group contributed with a decline of 83.1 million euros.

Caution recommends that we should assume that by the end of these concessions - 2020 to Estoril and 2023 for Póvoa de Varzim - revenue growth can occur continuously, but very contained and without recovering that drop of 31.1%.

This revenue growth, although small, will still allow our subsidiaries, gaming concessionaires, to solve their commitments in order to position themselves for the subsequent reality after the end of these concessions, since none of them have to support any additional minimum gaming tax from next year.

In other words, it is imperative that the issue of the minimum gaming taxes is resolved either by a new government or by the courts, within a period not exceeding the end of next year 2016, failing which, in particular Póvoa's concessionaire, held by us and subject to an effective tax rate on gross revenue that already achieved 65.5%, will no longer be able to bear such a tax regime.

Estoril Sol, SGPS believes that the legal reason behind the gaming concessionaires covered by the perversity of the minimum gaming tax will see its end in good time, in order to allow its contribution to the

definition of a new and coherent organization model of the gaming sector which should apply in the future, beyond the time horizon of these concessions.

The debate that must necessarily take place on the subject will, first, to note that it was found in recent years, a profoundly radical change in the way the gaming sector has developed in Portugal.

Anyone who has paid attention, will easily recognize that there has been in recent years - and continues to exist - a progressive transfer of the so-called casino gaming to the social games operated by Santa Casa da Misericórdia de Lisboa. It will not be a surprise to anyone that, in the very short term, only the so-called "Scratch of Games" will represent twice the revenue of all Portuguese casinos. Curiously, or not, the "scratch" in any of its forms, is technically a game of fortune and chance - one in which the result is known in simultaneous time of the bet - and as such "reserved" by law to be exclusively operated in casinos - as, incidentally, is recognized in the exhaustive order issued at the time by the General Gaming Inspection.

This immediately means that, in face of the possible - and predictable - levels of future revenue and if the current tax rates remain, the physical casinos will not be able to survive. In fact, it is not easily understood that casinos can afford in addition to very heavy initial gaming taxes, 50% tax rate on gross revenue - without considering the current minimum gaming tax since, with it, tax rates already reached the referred 65.5% on gross revenue - when an online gaming operator in Portugal will pay a maximum of roughly half. Moreover, it will not bear any of the operating expenses on the casinos.

What is it wrong? Obviously the tax rate on gross revenue for the physical casinos and that the current Government acknowledged, but was unable to change!

It should also realize that the gaming paradigm has also profoundly changed worldwide. Realities like Macau, Singapore, Las Vegas and, very shortly, the neighboring Spain through the "Integrated Resorts" of Barcelona and Madrid, clearly show the need to dramatically develop the classic Portuguese model.

The gaming sector should be seen as a new "cluster" of the economies directed not only to national, but also and especially for foreigners of high financial capacity. So recently realized, and well, our Spanish neighbors when have created the conditions that will allow them to assert Spain as the European center of gaming associated with tourism. The challenge raised to Portugal is to realize, in good time, that the Spanish reality can very easily be transformed into an Iberian Peninsula reality.

So that Portugal can take the opportunity that Spain will create, it is important to understand that the "Integrated Resorts", involving high private investment in hotel infrastructure and leisure, are only compatible with a demonstrated ability to attract international gamblers that make a difference for their consumption capacity, which implies, due to the high charges that organizing such attracting capacity involves, a very low gaming tax rate (Spain fixed it at 10%) and with long concession contracts that allow the repayment heavy investments.

It was this winning bet, verifiable in the current worldwide gaming epicenters that Spain decided to reproduce.

It is this same bet that, we are sure, the Portuguese Government will not want to stop studying. At its discretion, it will count with our most committed and convinced collaboration.

11. RELEVANT FACTS

During the first quarter of 2013, after a unanimous vote taken at the headquarters of the Portuguese Association of Casinos, the operating companies from the Group Estoril-Sol, have filed lawsuits against the State in which they seek to be restored the financial balance of Gaming Concessions. Such a claim is founded, among other reasons, because the State, through its actions and omissions has given rise to changes in circumstances that were the basis for the negotiation of the gaming concessions. Of them highlights the fact that it was assumed for tax basis a continuing and significant increase of gaming revenue throughout the concession period. Despite not having checked this proposition due to the economic climate and as a result of the State attitude in relation to online gambling and illegal gambling, among others, it

continued to require them to pay very high taxes, calculated on revenue that the Concessionaires did not obtain. Thus, remained no alternative to the Concessionaires that was not to challenge with the competent Administrative and Fiscal Courts the settlements of tax to which they were presented, and for that purpose submit the necessary judicial guarantees. However by the time of approval of this report the Group Estoril-Sol does not have any overdue debt related with taxes (Note 28 and 31 to Consolidated Financial Statements).

12. SUBSEQUENT FACTS

Between the 31st of December 2014 and the date of this report, no relevant facts occurred that could materially affect the financial position and the future results of Estoril-Sol, SGPS,S.A. and the other Companies of the Group.

13. DECLARATIONS

- Declaration of true, complete and appropriate information

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

14. ACKNOWLEDGMENTS

The Board of Directors wishes to publicly express its gratitude to all the clients for their preference and trust deposit on Estoril-Sol Group companies. A word of appreciation and recognition to all of those who cooperated with us during the year, namely to the Members of all the Corporate Offices and to the Workers of the Group Companies.

Estoril, 17th of April, 2015

The Board of Directors

- | | |
|-----------------|---|
| - Chairman | - Stanley Hun Sun Ho |
| - Vice-Chairmen | - Mário Alberto Neves Assis Ferreira |
| | - Wuen Wing Ming, Patrick |
| - Directors | - Ho Chiu King, Pansy Catilina |
| | - So Shu Fai, Ambrose |
| | - Man Hin Choi |
| | - António José de Melo Vieira Coelho |
| | - Vasco Esteves Fraga |
| | - Jorge Armindo de Carvalho Teixeira |
| | - Calvin ka Wing Chann |
| | - Miguel António Dias Urbano de Magalhães Queiroz |



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PART I – SHAREHOLDINGS STRUCTURES, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDING STRUCTURE

I. Share capital structure

1. Share capital structure

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

The Company holds 62,565 treasury shares.

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

Shareholder	No of Shares 31-Dec-2014	% Share Capital	% Voting rights
Finansol - Sociedade de Controlo, SGPS, S.A.	6.930.604	58,10%	60,20%
Amorim - Entertainment e Gaming International, SGPS, S.A.	3.917.793	32,80%	35,90%
Restantes Accionistas	1.082.722	9,10%	3,90%
Acções Próprias	62.565	0,50%	---
Total	11.993.684	100,00%	100,00%

2. Restrictions on the transfer and ownership of shares

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

" 1 - The equity of concessionary companies must not be less than 30% of the total net assets, and the percentage should be raised to 40% of such assets as of the sixth year after concluding the concession contract, without prejudice to the corresponding minimum share capital to be set, for each one, under the regulatory decree, to which article 11 pertains.

2 – At least 60% of the share capital shall always be represented by either registered shares or bearer shares, under a registration system, and it is mandatory for concessionary companies to notify the Inspectorate-General for Gaming with regard to all transfers of property or the usufruct of these, within 30 days after registration in the company's appropriate book or via an equivalent formality.

3 – The purchase, in any capacity, of the holding or ownership of shares representing more than 10% of the capital or as a direct or indirect result of which there is a change in the control of the concessionaries by others, whether natural or legal persons, shall require permission from the member of the Government in charge of tourism, lest the purchasing parties be prevented from exercising their respective social rights.

4 - If the said party purchasing the shares is a legal person, authorization may condition the transfer in subjecting the purchasing party to the system set forth under this article.

5 – The regulatory decree to which article 11 pertains may prevent or limit direct or indirect participation in the share capital on the part of a concessionary by (an)other concessionary(ies), and any purchases that violate the provisions of the said regulatory decree shall become null and void."

3. Own shares

The Company holds 62,565 treasury shares representing 0,5% of its share capital.

4. Significant agreements with ownership clauses

To the best of the knowledge of the Board of Directors, Estoril-Sol is not party to any significant agreement which takes effect, either being affected or terminated upon a change of control in the Company, following a takeover bid, without prejudice to the standard clauses in banking practice relating to the issuance of debt securities and financing contracts.

5. Defensive measures in case of change of shareholding control

No defensive measures were adopted.

6. Shareholders' agreements

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

II. Shareholdings and holding of bonds

7. Qualified shareholdings

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

Shareholder	No of Shares 31-Dec-2014	% Share Capital	% Voting rights
Finansol - Sociedade de Controlo, SGPS, S.A.	6.930.604	58,10%	60,20%
Amorim - Entertainment e Gaming International, SGPS, S.A.	3.917.793	32,80%	35,90%
Restantes Accionistas	1.082.722	9,10%	3,90%
Acções Próprias	62.565	0,50%	---
Total	11.993.684	100,00%	100,00%

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

On 31 December 2014, ESTORIL SOL, S.G.P.S., S.A. held 62,565 treasury shares, and as FINANSOL - SOCIEDADE DE CONTROLO, S.G.P.S., S.A., on 31 December 2014, held 6,930,604 shares of ESTORIL-SOL, S.G.P.S., S.A., it was a direct holder of 58.1% of the share capital and of the voting rights.

The members of the Board of Directors and of the Advisory Board of the Companies which are controlled by or grouped under ESTORIL-SOL, held 255,698 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 2.1% of the share capital and voting rights.

Therefore, in overall terms, the direct and indirect stake of FINANSOL in the capital of ESTORIL-SOL is 60.2%, which is identical to the percentage of votes.

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

On 31 December 2014, ESTORIL-SOL, S.G.P.S., S.A. held 62,565 treasury shares, and, as AMORIM – ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., S.A. held 3,917,793 shares, this company was a direct holder of 32.8% of the share capital and of the voting rights of ESTORIL SOL, S.G.P.S., S.A..

The Companies Briargrove Limited and Nyland Limited as well as the respective "beneficial owners", Srs. Joaquim Ferreira de Amorim, José Américo Amorim Coelho and António Ferreira de Amorim, held 361,500 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 3.0% of the share capital and voting rights.

Therefore, in overall terms, the direct and indirect stake of AMORIM - ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., SA in the share capital of ESTORIL-SOL, S.G.P.S., S.A. was, on 31 December 2013, 35.9% which is identical to the percentage of votes.

8. Number of shares and bonds held by the members of governing bodies, submitted under paragraph 5 of article 447 of the Portuguese Companies Act

Information regarding the securities issued by ESTORIL-SOL, S.G.P.S., and by companies with which the Company is in controlling or group relationship, which are owned by the members of the Corporate Offices of the Company on 31 December 2014.

Stanley Hung Sun Ho – Chairman of the Board of Directors

- On 31.12.2014 he held 135,662 shares of Estoril-Sol, S.G.P.S., S.A.;
- He neither purchased nor sold shares of this company during the year;
- On 31.12.2014 he held 170,911 shares of FINANSOL, Sociedade de Controlo - SA (S.G.P.S.);
- He neither purchased nor sold shares of this company during the year;

Patrick Huen – Vice-Chairman of the Board of Directors

- On 31.12.2014 he held 55,000 shares of Estoril-Sol, S.G.P.S., S.A.;
- He purchased 5,000 shares of this company during the year;

Mário Alberto Neves Assis Ferreira – Vice-Chairman of the Board of Directors

- On 31.12.2014 he held 601 shares of Estoril-Sol, S.G.P.S., S.A.;
- He neither purchased nor sold shares of this company during the year;

Pansy Catilina Ho – Member of the Board of Directors

- On 31.12.2014 she did not held any shares of Estoril-Sol, S.G.P.S., S.A.;
- She neither purchased nor sold shares of this company during the year;

Ambrose So – Member of the Board of Directors

- On 31.12.2014 he held 50,000 shares of Estoril-Sol, S.G.P.S., S.A.
- He neither purchased nor sold shares of this company during the year;

Choi Man Hin – Member of the Board of Directors

- On 31.12.2014 he held 527 shares of Estoril-Sol, S.G.P.S., S.A.;
- He neither purchased nor sold shares of this company during the year;

António José de Melo Vieira Coelho – Member of the Board of Directors

- On 31.12.2014 he did not held any shares of Estoril-Sol, S.G.P.S., S.A.;
- He neither purchased nor sold shares of this company during the year;

Vasco Esteves Fraga – Member of the Board of Directors

- On 31.12.2014 he held 608 shares of Estoril-Sol, S.G.P.S., S.A.;
- He neither purchased nor sold shares of this company during the year;

Jorge Armindo de Carvalho Teixeira – Member of the Board of Directors

- On 31.12.2014 he did not held any shares of Estoril-Sol, S.G.P.S., S.A.;
- He neither purchased nor sold shares of this company during the year;

Calvin Ka Wing Chann – Member of the Board of Directors

- On 31.12.2014 he held 1,000 shares of Estoril-Sol, S.G.P.S., S.A.;
- He purchased 1,000 shares of this company during the year;

Miguel António Dias Urbano de Magalhães Queiroz – Member of the Board of Directors

- On 31.12.2014 he did not held any shares of Estoril-Sol, S.G.P.S., S.A.;
- He neither purchased nor sold shares of this company during the year;

Rui José da Cunha – Director of the Advisory Board

- On 31.12.2014 he owned 12,300 shares of Estoril-Sol, S.G.P.S., S.A.
- He neither purchased nor sold shares of this company during the year

As at 31st December 2014 the members of the Audit Board did not held any shares from the Company.

9. Powers of the Board of Directors for share capital increases

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

- The election of its Chairman and Deputy Chairman, if the General Meeting itself has not made such an appointment;
- The co-opting of replacement directors;
- The creation, make-up, competence and working of the Executive Committee;
- The request for convening General Meetings;
- The annual report and accounts to be submitted to the General Meeting;
- Proposals to the General Meeting for the provision of warranties and personal or real guarantees by the Company;
- The proposal to the General Meeting of major extensions or reductions to the activity of the Company;
- Important modifications in the organization of the company;
- The establishment or cessation of lasting and important cooperation with other companies;
- Proposal to the General Meeting for an increase or reduction in the share capital;
- Proposal to the General Meeting of projects for the merger, division or transformation of the Company;
- Deliberation on increases in share capital, on one or more occasions, up to an absolute maximum increase of one million six hundred thousand and twenty-one thousand and ninety-three Euros and seventeen cents, for contributions in cash, provided that, in compliance with imperative legal standards, the increase is intended to be subscribed by directors, company employees and other people or entities providing services pertaining to the same, to be identified under the terms and conditions decided in the General Meeting [article 5.2 of the Articles of Association, *ex vi* of line l) of Article 23.1 of the same document];
- The appointment and dismissal of employees, and setting their salary or compensation, if applicable;
- The constitution of representatives or attorneys and the revocation of mandates granted;
- Representing the company, either directly or via representatives, either in or out of court, actively and passively, namely proposing, contesting and pursuing lawsuits, giving evidence, acquiescing or desisting, as well as assuming commitments in voluntary arbitration;
- The exercise of company rights corresponding to its holdings in the capital of other companies;
- The execution and bringing about of compliance with legal and statutory precepts and the decisions of the General Meeting;
- Any other matter on which any director requests the deliberation of the Board.

10. Business relationship between holders of qualified shareholdings and the Company

There are no significant commercial relationships between holders of qualified shareholdings and the Company.

B. GOVERNING BODIES AND COMMITTEES

I. Shareholders' general meeting

a) Composition of the Board of the Shareholders' General Meeting

11. Board of the Shareholders' General Meeting identification of members and mandate

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

By reference to 31st December 2014, The composition of the Board of the General Meeting is currently as follows:

Chairman:	Dr. Pedro Canastra de Azevedo Maia
Deputy Chairman:	Dr. Tiago Antunes da Cunha Ferreira de Lemos
Secretary:.....	Dr ^a . Marta Horta e Costa Leitão Pinto Barbosa

The Chairman of the Board of the General Meeting, in performing its duties, receives the collaboration of the other members of the Board and of the services of the Company that are at his entire disposal to attend to his requests and to help him in the preparation and the practice of all the acts within his power.

We would draw attention to the collaboration provided in the preparation and realization of the General Meetings, and especially, the very close collaboration of the Administrative and Financial Board and of the Legal Services Board.

The Chairman, the Deputy Chairman and the Secretary of the Board were elected in the General Meeting of 04th February 2013, for the years 2013 to 2016.

b) Exercising voting rights

12. Possible restrictions on voting rights

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

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

13. Maximum percentage of voting rights that may be exercised by a single or group of shareholders, under paragraph 1 of Article 20 of the Portuguese Securities Code

Estoril-Sol articles of association or other instruments do not impose any maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any of the relations referred to in Article 20(1) of the CVM.

14. Deliberative Quorum

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

II. Management and Supervision

a) Composition (during 2014)

15. Identification of the adopted governance model

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

16. Rules for nominating and replacing Board Members

The rules applicable to the appointment and replacement of the members of the Board of Directors follow the imperative standards applicable, as well as the provisions in the Articles of Association. Within the terms of the Articles of Association of the Estoril-Sol, the administration of the Company is the responsibility of a Board of Directors comprising three to eleven directors, with an odd number thereof, shareholders or not, elected by the General Meeting.

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

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

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

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

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

- a. The election of its Chairman and Deputy Chairman, if the General Meeting itself has not made such an appointment;
- b. The co-opting of replacement directors;
- c. The creation, make-up, competence and working of the Executive Committee;
- d. The request for convening General Meetings;
- e. The annual report and accounts to be submitted to the General Meeting;
- f. Proposals to the General Meeting for the provision of warranties and personal or real guarantees by the Company;
- g. The proposal to the General Meeting of major extensions or reductions to the activity of the Company;
- h. Important modifications in the organization of the company;
- i. The establishment or cessation of lasting and important cooperation with other companies;
- j. Proposal to the General Meeting for an increase or reduction in the share capital;
- k. Proposal to the General Meeting of projects for the merger, division or transformation of the Company;
- l. Deliberation on increases in share capital, on one or more occasions, up to an absolute maximum increase of one million six hundred thousand and twenty-one thousand and ninety-three Euros and seventeen cents, for contributions in cash, provided that, in compliance with imperative legal standards, the increase is intended to be subscribed by directors, company employees and other people or entities providing services pertaining to the same, to be identified under the terms and conditions decided in the General Meeting [article 5.2 of the Articles of Association, *ex vi* of line I) of Article 23.1 of the same document];
- m. The appointment and dismissal of employees, and setting their salary or compensation, if applicable;
- n. The constitution of representatives or attorneys and the revocation of mandates granted;
- o. Representing the company, either directly or via representatives, either in or out of court, actively and passively, namely proposing, contesting and pursuing lawsuits, giving evidence, acquiescing or desisting, as well as assuming commitments in voluntary arbitration;
- p. The exercise of company rights corresponding to its holdings in the capital of other companies;
- q. The execution and bringing about of compliance with legal and statutory precepts and the decisions of the General Meeting;
- r. Any other matter on which any director requests the deliberation of the Board.

17. Composition of the Board of Directors

In addition to the information provided in the previous point of this report (section 16), under this Paragraph 17 should be noted that the composition of the Board of Directors on December 31, 2014 was as follows:

Composition of the Board of Directors:

Chairman: Dr. Stanley Hun Sun Ho

Deputy Chairmen: Dr. Mário Alberto Neves Assis Ferreira
Sr. Huen Wing Ming Patrick

Members: Sr. Ambrose So
Mrs. Pansy Catllina Chiu King Ho
Sr. Choi Man Hin
Eng. António José de Melo Vieira Coelho
Dr. Vasco Esteves Fraga
Dr. Jorge Armindo de Carvalho Teixeira
Dr. Calvin Ka Wing Chann
Dr. Miguel António Dias Urbano de Magalhães Queiroz

The members of the Board of Directors were elected in the General Meeting of 04th February 2013, for the years 2013 to 2016.

The members of the Board of Directors first election occurred in the year:

- Dr. Stanley Hun Sun Ho – 2002
- Dr. Mário Alberto Neves Assis Ferreira – 1996
- Sr. Huen Wing Ming Patrick – 1995
- Dr^a Pansy Catilina Chiu King Ho – 2010
- Dr. Ambrose So – 1978
- Sr. Choi Man Hin – 1995
- Eng.^o António José de Melo Vieira Coelho – 2000
- Dr. Vasco Esteves Fraga – 2002
- Dr. Jorge Armindo de Carvalho Teixeira – 2006
- Dr. Calvin Ka Wing Chann – 2013
- Dr. Miguel António Dias Urbano de Magalhães Queiroz – 2013

18. Distinction between executive and nonexecutive members

Under proposal of two members of the Board of Directors – as duly disclosed to the public – at the Board of Directors meeting of February 04th, 2013 an Executive Committee was created within the Board of Directors of the Society.

The current composition of the Executive Committee is as follows:

Chairman: Ho Chiu King, Pansy Catilina

Deputy-Chairman: Jorge Armindo Teixeira de Carvalho

Members: Vasco Esteves Fraga
Calvin Ka Wing Chann

The members of the Executive Committee were elected for the years 2013 to 2016. By deliberation of the Board of Directors of February 04th, 2013 on the Executive Committee was delegated the management of the Company, with the broadest legally permitted and delegated powers, particularly the representation of the Company within the delegation.

From the non-executive members of the Board of Directors the following should be considered independent:

Dr. Mário Alberto Neves Assis Ferreira
Sr. Choi Man Hin
Eng^o António José de Melo Vieira Coelho

19. Professional qualifications and curricular references of the members of the Board of Directors

STANLEY HUNG SUN HO (Chairman)

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

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

He currently holds the post of Chairman of the Board of Directors of Estoril-Sol, SGPS, to which he was elected for the first time on 2 May 2006.

On 31 December 2014 he held 135,662 shares in the share capital of Estoril-Sol, SGPS, SA.

HUEN WING MING PATRICK (Deputy Chairman)

Has a graduate degree in accounting from the British Banking Institute.

His main professional activities over the last five years in China, Hong Kong, Macau and Portugal, include the post of Voting Member of the Board of Directors in the companies Industrial and Commercial Bank of China Ltd., CAM – Sociedade do Aeroporto Internacional de Macau, SARL, King Power Lojas Francas (Macao) SARL, MACAUPORT - Sociedade de Administração de Portos, SARL, FINANSOL, SGPS, SA, Estoril -Sol, SGPS, SA, Estoril Sol, (III) Turismo, Animação e Jogo, SA and Varzim Sol – Turismo, Jogo e Animação, SA.

He currently holds the post of Deputy Chairman of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 31 March 1995.

On 31 December 2014 he held 55,000 shares in the share capital of Estoril-Sol, SGPS, SA.

MÁRIO ALBERTO DAS NEVES ASSIS FERREIRA (Deputy Chairman)

Has a graduate degree in law from Universidade Clássica of Lisbon as well as a degree in business administration from the Gestúlio Vargas Foundation in Rio de Janeiro. He is a Member of the Advisory Board of ISEG - Instituto Superior de Economia e Gestão (Institute of Higher Education in Economics and Management), Member of the Advisory Board of the Faculty of Economics and Business Sciences of Universidade Lusíada in Lisbon, as well as Member of the Advisory Board of the Graduate Degree in Tourism of the Universidade Lusófona de Humanidades e Tecnologias and Member of the Board of the School of the Faculty of Human Mobility.

In the last five years he has developed his professional activity as Chairman of Board of Directors in companies of the Estoril-Sol Group.

He currently holds the post of Deputy Chairman of the Board of Directors of Estoril-Sol, SGPS.

On 31 December 2014 he held 601 shares in the share capital of Estoril-Sol, SGPS, SA.

PANSY CATILINA CHIU KING HO

Has specific training in International Management, Marketing and International Studies from the University of Santa Clara and has a PhD in Business Management from the University of Johnson & Wales.

Her main professional activity in recent years, specifically in Portugal, Hong Kong and Macau, includes the position as Director of MGM Grand Paradise, SA, of Shun Tak Holdings Limited, of STDM – Sociedade de Turismo e Diversões de Macau, SA., of Macau Tower Convention & Entertainment Centre, of Air Macau

Company Limites, of Estoril Sol, SGPS, SA, of SGAL – Sociedade gestora da Alta de Lisboa, SA and Posse – SGPS, SA.

She currently holds the position of Member of the Board of Directors of Estoril-Sol, SGPS to which she was appointed on 31 May 2010, by cooptation, in replacement and upon the decease of Sr. António José Pereira.

On 31 December 2014 she held no shares in the share capital of Estoril-Sol, SGPS, SA.

AMBROSE SO

Has a P.H.D. in Management from the University of Hong Kong.

His professional activities over the last five years in China, Hong Kong, Macau and Portugal, most notably include the post of Chairman of the Board of Directors in Tianjin Hexin Development Co., Ltd., MACAUPORT - Sociedade de Administração de Portos, SARL and Voting Member of the Board of Directors in Tonic Industries Holdings Ltd, SJM Holdings Ltd, Shanghai Hongyi Real Estate Development Co. Ltd, Sociedade de Empreendimentos NAM VAN, SARL, Sociedade de Jogos de Macau, SA, STDM - Investimentos Imobiliários, S.A., Finansol, SGPS, SA and Estoril-Sol, SGPS, SA.

He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 10 March 1998.

On 31 December 2014 he held 50,000 shares in the share capital of Estoril -Sol, SGPS, SA.

CHOI MAN HIN

Has specific training in Casino management, Las Vegas.

In the last five years he has developed his professional activity as Voting Member of the Board of Directors in companies of the Estoril Sol Group.

He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 31 March 1995.

On 31 December 2014 he held 527 shares in the share capital of Estoril-Sol, SGPS, SA.

VASCO ESTEVES FRAGA

Has a graduate degree in Finance from the Instituto Superior de Economia (Higher Institute of Economics).

In the last five years he has developed his professional activity as Voting Member of the Board of Directors in companies of the Estoril Sol Group, and as a member of the General Audit Board of the Banco Comercial Português (Millennium BCP). He is currently director of SGAL – Sociedade Gestora da Alta de Lisboa, SA.

He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 2 May 2006.

On 31 December 2014 he held 608 shares in the share capital of Estoril- Sol, SGPS, SA.

ANTÓNIO JOSÉ DE MELO VIEIRA COELHO

Has a graduate degree in Radiotechnology from Escola Náutica Infante D. Henrique (Shipping School).

In the last five years he has developed his professional activity as Voting Member of the Board of Directors in companies of the Estoril Sol Group.

He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 24 April 2000.

On 31 December 2014 he did not hold any shares in the share capital of Estoril-Sol, SGPS, SA.

JORGE ARMINDO DE CARVALHO TEIXEIRA

Has a graduate degree in economics from the Faculty of Economics of the University of Porto, where he lectured from 1976 to 1992.

His professional activities over the last five years include the post of Chairman of the Board of Directors in several companies, among them Amorim – Entertainment e Gaming International, SGPS,SA, Amorim Turismo, Serviços Gestão, SA, Edifer Angola, SA, Iberpartners – Gestão e Reestruturação de Empresas, SA, Troia Peninsula Investimentos, SGPS, SA and Estoril Sol, SGPS, SA.

He has been a Voting Member of the Board of Directors of Estoril-Sol, SGPS, SA since 31 January 2006. At the end of 2014 he did not hold any shares in the share capital of Estoril-Sol, SGPS, SA

CALVIN KA WING CHANN

Born in 1962.

Graduate in Civil Engineering from the University of Westminster in London.

Certified member of Chartered Association of Certified Accountants (ACCA).

Worked in London at Halcrow Fox & Associates and Leigh Philip & Partners, Chartered Accountants.

He has been a Voting Member of the Board of Directors of Estoril-Sol,SGPS,S.A since 04th February 2013.

At the end of 2014 he holds 1,000 shares in the share capital of Estoril-Sol, SGPS, SA

MIGUEL ANTÓNIO DIAS URBANO DE MAGALHÃES QUEIROZ

Born in 1962

Law Degree from the Universidade Católica Portuguesa, Lisbon, in 1986.

Lawyer admitted to the Bar Association in Portugal since 1987.

Admitted to the Lawyers Association of Macau (Founder – 1987).

Admitted as Private Notary in Macau (1991).

Legal Advisor at Lisbon City Hall from 1985 until 1987.

Partner and Attorney at Soc. de Advogados RC, Lawyers – Macau 1987 until 1996.

Since 1996 he has been member of the Board of Directors of STDM – Departamento de Investimentos, - Portugal, as well as other companies from STDM Group in Portugal.

He has been a Voting Member of the Board of Directors of Estoril-Sol,SGPS,S.A since 04th February 2013.

At the end of 2014 he did not hold any shares in the share capital of Estoril-Sol, SGPS, SA

20. Significant family, business and commercial relationships between members of the Board of Directors and shareholders with attributed qualified shareholdings

The Company is not aware of any family, professional or commercial, customary and meaningful relationships between members of the Board of Directors of the Company and any qualified shareholder of the Company.

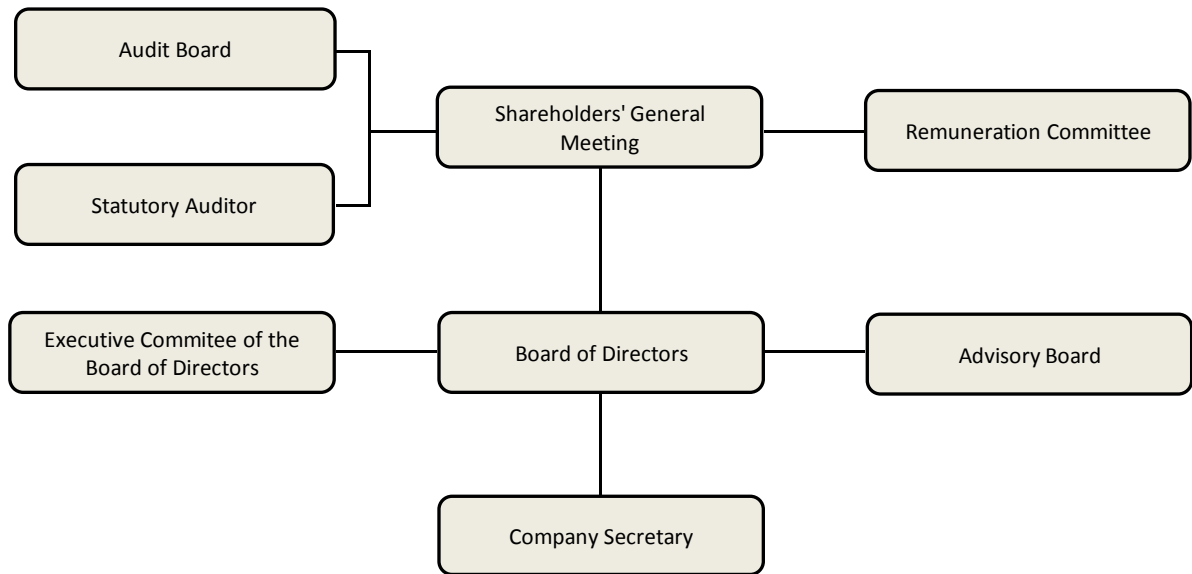
21. Division of powers between the different boards, committees and / or departments within the Company, including the delegation of powers, particularly with regards to the delegation of the Company's daily management

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

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

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

Below, we will introduce the organization chart of the governing bodies of Estoril Sol:



b) Operating rules

22. Internal Regulation of the Board of Directors

The Internal Regulation of the Board of Directors and Executive Committee of the Board of Directors are available for consultation at the Company's website www.estoril-solsgps.com

23. Number of meetings held and attendance level of each member of the Board of Directors

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

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

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

The Board of Directors met eleven (11) times in 2014.

- Stanley Hun Sun Ho: 0%
- Mário Alberto Neves Assis Ferreira: 90,9%
- Huen Wing Ming Patrick: 0%
- Pansy Catilina Ho Chiu King: 72,7%
- Ambrose So Shu Fai: 0%

- Choi Man Hin: 90,9%
- António José de Melo Vieira Coelho: 90,9%
- Vasco Esteves Fraga: 100%
- Jorge Armindo de Carvalho Teixeira: 81,8%
- Calvin Ka Wing Chann: 90,9%
- Miguel António Dias Urbano de Magalhães Queiroz: 100%

The Executive Committee met independently four (4) times during the year 2014.

- Pansy Catilina Ho Chiu King: 100%
- Jorge Armindo de Carvalho Teixeira: 100%
- Vasco Esteves Fraga: 100%
- Calvin Ka Wing Chann: 100%

Estoril-Sol, SGPS, S.A. is a holding company with operations managed by its subsidiaries, mainly related with gaming concessions operated by “Estoril-Sol (III). Turismo, Animação e Jogo S.A.” and “Varzim-Sol – Turismo, Jogo e Animação, S.A.”. These subsidiaries have their own management structure, Executive Committees which meet on average every two weeks, and on which the current management of operations has been delegated by the respective Board of Directors. Two members of Estoril-Sol, SGPS, S.A. Executive Committee are also members of the Executive Committee of these subsidiaries.

24. Competent Bodies of the Company to appraise the performance of executive directors

The Remuneration Committee is within the Estoril Sol SGPS, SA, the appropriate body to appraise the performance of the Board of Directors Executive Committee members.

25. Predetermined criteria for evaluating the performance of executive directors

The performance of executive directors is taken in accordance with the following guiding principles:

- The duties and responsibilities assumed by the executive directors, taking also in consideration the responsibilities assumed in Estoril-Sol, SGPS, S.A. subsidiaries, and in any rewards earned within these ones.
- The economic situation of the Company, as well as the Company’s interests in the long term and real company growth and value added for the shareholders.
- General market conditions for comparable situations among other companies in the same sector, listed on Euronext Lisbon and equivalent size, taking into account the competitiveness of the remuneration framework proposed.

26. Availability of the members of the Board of Directors

From the point of view of the needs of the Company, ordinary and / or extraordinary, the members of the Board have always shown full dedication and availability.

Notwithstanding, it should be noted that each of them occupies the following positions in other entities:

STANLEY HUNG SUN HO

In Portugal

Chairman of the Board of Directors:

- FINANSOL, SGPS, S.A.
- ESTORIL SOL, SGPS, S.A.
- STDM - Investimentos Imobiliários, S.A.
- Credicapital, SGPS, S.A.
- Finae, SGPS, S.A.
- Stanley Ho Foundation
- Oriente, SGPS, S.A.
- Posse, SGPS, S.A.
- SGAL - Sociedade Gestora da Alta de Lisboa, S.A.
- STDP - Soc. Transnacional Desenvolvimento de Participações, SGPS, S.A.

Member of the Board of Directors:

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

in Macau

Chairman:

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

In Hong-Kong

Chairman:

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

Member of the Board of Directors:

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

WUEN WING MING, PATRICK

In Portugal

Chairman of the Board of Directors:

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

Deputy Chairman:

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

Member of the Board of Directors

- FINANSOL, SGPS, SA

In Macau

Member of the Board of Directors

- Industrial and Commercial Bank of China (Macau), Ltd
- CAM - Sociedade do Aeroporto Internacional de Macau, SARL

- King Power Lojas Francas (Macau), SARL
- MACAUPORT - Sociedade de Administração de Portos, SARL
- Millennium - Instituto de Educação, S.A.
- Dr. Stanley Ho Foundation
- Tianjin Hexin Development Co. Ltd.

MÁRIO ALBERTO NEVES ASSIS FERREIRA

Chairman of the Board of Directors:

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

Member of the Board of Directors

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

SO SHU FAI, AMBROSE

In Portugal

Chairman of the Board of Directors

- Brightask - Gestão e Investimentos, S.A.

Member of the Board of Directors:

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

In Macau

Chairman of the Board of Directors:

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

In Hong Kong

Member of the Board of Directors:

- SJM Holdings Ltd
- Tonic Industries Holdings Ltd

In China

Chairman of the Board of Directors:

- Tianjin Hexin Development Co., Ltd.
- Member of the Board of Directors:*
- Shanghai Hongyi Real Estate Development Co., Ltd

HO CHIU KING, PANSY CATILINA

In Portugal:

Member of the Board of Directors:

- ESTORIL SOL, SGPS, SA
- Central de Aplicações, SGPS, SA
- STDM – Investimentos, SGPS, SA
- Guinor, Companhia de Desenvolvimento Imobiliário, SGPS, SA
- POSSE – Sociedade Gestora de participações Sociais, SGPS, SA
- SGAL - Sociedade Gestora da Alta de Lisboa, SA
- DTH – Desenvolvimento Turístico e Hoteleiro, S.A.

In Macao:

Member of the Board of Directors:

- STDM - Sociedade de Turismo e Diversões de Macau, SA
- STDM – Hotels and Investments Limited
- AIR MACAU Company Limited
- King Power Duty Free (Macao) Company Limited
- JET ASIA Ltd
- MGM Grand Paradise Limited

Chairman of the Board of Directors:

- Macau Tower Convention & Entertainment Centre
- Sociedade de Turismo Insular SA

Deputy-Chairman and Director

- Macau International Airport Co Ltd

In Hong Kong:

Chairman of the Board of Directors

- SHUN TAK – China Travel Shipping Investments Limited

Member of the Board of Directors:

- SHUN TAK Holdings Limited
- HONG KONG International Airport Terminal Services Limited

CHOI MAN HIN

Member of the Board of Directors:

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

Manager:

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

VASCO ESTEVES FRAGA

Member of the Board of Directors:

- Estoril Sol, SGPS, S.A.
- Estoril Sol III - Turismo, Animação e Jogo, S.A.
- Varzim Sol - Turismo, Animação e Jogo, S.A.
- SGAL - Sociedade Gestora da Alta de Lisboa, SA
- Posse – SGPS, S.A.
- Guinor – Companhia de Desenvolvimento Imobiliário, SGPS, S.A.
- Central de Aplicações – SGPS, S.A.

ANTÓNIO JOSÉ DE MELO VIEIRA COELHO

Member of the Board of Directors:

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

JORGE ARMINDO DE CARVALHO TEIXEIRA

Member of the Board of Directors:

- Amorim - Entertainment and Gaming Internacional, SGPS, SA
- Amorim Turismo, SGPS, SA
- BL&GR, S.A.
- Blue & Green, II, S.A.
- Blue & Green – Serviços e Gestão, S.A.
- CHT - Casino Hotel de Tróia, SA
- Eleven – Restauração e Catering S.A.
- Estoril Sol, SGPS, S.A.
- Fundação do Alto da Lixa, S.A.
- Fozpatrimónio, S.A.
- Goldtur - Hotéis e Turismo, SA
- Grano Salis - Investimentos Turísticos, e Lazer, S.A.
- Grano Salis II - Investimentos Turísticos, e Lazer, S.A.
- Iberpartners - Gestão e Reestruturação de Empresas S.A.
- Iberpartners Cafés, SGPS, S.A.
- Hotel Turismo, SARL
- Imofoz, SA
- Mobis - Hotéis de Moçambique, SARL
- Notel - Empreendimentos Turísticos, SARL
- Prifalésia - Construção e Gestão de Hotéis, SA
- SGGHM - Sociedade Geral de Hotéis de Moçambique, S.A.
- Sociedade Figueira Praia, SA
- SPIGH - Sociedade Portuguesa de Investimentos e Gestão Hoteleira, S.A.
- Troia Península Investimentos, SGPS, SA
- Turyleader, SGPS, SA

CALVIN KA WING CHANN

Member of the Board of Directors:

- BRIGHTASK-Gestão de Investimentos, S.A.
- CENTRAL DE APLICAÇÕES – SGPS, S.A.
- CREDICAPITAL-Sociedade Gestora de Participações, S.A.
- ESTORIL SOL (III) – Turismo, Animação e Jogo, S.A.
- GUINCHOTEL – Actividades Hoteleiras, Lda.
- GUINOR Companhia de Desenvolvimento Imobiliário, SGPS, S.A.
- IMAPEX, Sociedade de Construções e Investimentos Imobiliários, S.A.
- IMO 12 – Gestão Mobiliária e Imobiliária, S.A.
- IMO 8 – Sociedade de Investimentos Imobiliários, S.A.
- MALHA 5 – Investimentos Imobiliários, S.A.
- POSSE, SGPS, S.A.
- STDM – Investimentos, SGPS, S.A.
- STDM – Investimentos Imobiliários, S.A.
- STDM – Gestão de Investimentos, Unipessoal, Lda.
- VARZIM SOL – Turismo, jogo e Animação, S.A
- Orientenjoy, S.A.

MIGUEL ANTÓNIO DIAS URBANO DE MAGALHÃES QUEIROZ

Member of the Board of Directors:

- BRIGHTASK-Gestão de Investimentos, S.A.
- CHÃO DO PARQUE – Soc. de Investimentos Imobiliários, S.A.
- D.T.H.-Desenvolvimento Turístico e Hoteleiro, S.A.
- ESTORIL SOL IMOBILIÁRIA, S.A.
- ESTORIL SOL (III) – Turismo, Animação e Jogo, S.A.
- ESTORIL SOL (V)- Investimentos Imobiliários, S.A.
- ESTORIL SOL e MAR – Investimentos Imobiliários, S.A.
- ESTORIL SOL – Investimentos Hoteleiros, S.A.
- FINANSOL - Soc. De Controlo, SGPS, S.A.
- GUINCHOTEL – Actividades Hoteleiras, Lda.
- IMAPEX, Sociedade de Construções e Investimentos Imobiliários, S.A.
- IMO 12 – Gestão Mobiliária e Imobiliária, S.A.
- PORTLINE-Transportes Marítimos Internacionais, S.A.
- PORTLINE BULK INTERNATIONAL, S.A.
- PORTLINE CONTAINERS INTERNATIONAL, S.A.
- STDM – Investimentos, SGPS, S.A.
- STDM – Gestão de Investimentos, Unipessoal, Lda.
- VARZIM SOL – Turismo, Jogo e Animação, S.A.

Chairman of the Annual General meeting:

- PORTLINE -Transportes Marítimos Internacionais, S.A.
- PORTLINE BULK INTERNATIONAL, S.A.
- PORTLINE CONTAINERS INTERNATIONAL, S.A.

Member of the Audit Board:

- SJM – Sociedade de Jogos de Macau, S.A.

c) Committees within the Board of Directors

27. Identification of Committees created within the Board of Directors

In addition to the Executive Committee the Company has not created any specialized committee within the Board of Directors or Supervisory. As noted above, the Board of Directors appointed an Executive Committee composed by four of its members.

28. Composition of the Executive Committee

The current composition of the Executive Committee is as follows:

Chairman: Ho Chiu King, Pansy Catilina

Deputy-Chairman: Jorge Armindo Teixeira de Carvalho

Members: Vasco Esteves Fraga
Calvin Ka Wing Chann

The members of the Executive Committee were elected for the years 2013 to 2016.

29. Internal Committees and Advisory Groups of the Board of Directors

Not applicable to the Company since it has no specialized committee within the board of directors.

III. Audit

a) Composition

30. Identification of the Auditing Bodies

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

31. Composition

The members of the Audit Board, in functions at December 31st, 2013, were elected in the General Meeting of 04th February 2013. The mandate of the members of the Audit Board is for four years, where an election year is deemed to be a complete calendar year, and there is no restriction to their re-election.

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

Composition of the Audit Board:

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

Statutory Auditor:

Lampreia & Viçoso, SROC. No. 157 - Represented by José Martins Lampreia, Statutory Auditor no. 149. The external auditor was elected for four years in the General Meeting of 04th February 2013, upon the proposal of the Audit Board.

32. Independence

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

33. Professional Qualifications

MÁRIO PEREIRA PINTO

Has a graduate degree in Economics from the Faculty of Economics of the University of Porto 1970/75; completed the “Advanced Management Program” from the INSEAD-Fontainebleau, France – 1989. Was elected as a member of the Audit Board of the Company in the Annual General Meeting of 2004 and was re-elected in the General Meeting of 04th february 2013. On 31 December 2014 he held no shares of the share capital of Estoril-Sol, SGPS, SA.

MANUEL MARTINS LOURENÇO

Has a graduate degree in Finance from the Instituto Superior de Economia de Lisboa (Lisbon Higher Institute of Economics); has a master’s degree in Economics and Management in Sc. & Technology from the ISEG in Lisbon; a Chartered Accountant since 1988. Elected as member of the company’s Audit Board in the Special Meeting in 2007, and re-elected in the General Meeting in 04th February 2013. On 31 December 2014 he held no shares of the share capital of Estoril-Sol, SGPS, SA.

ANTÓNIO JOSÉ ALVES DA SILVA

Has a Baccalaureate in Accounting. A Chartered Accountant since 1974. Elected as member of the company’s Audit Board in the Special Meeting in 2007, and re-elected in the General Meeting in 04th February 2013. In the last 5 years, he served as the Chartered Accountant for the following companies: BJH, S.A; Bonafarma, S.A.; Bruno Janz, S.A.; Equiconsulte, S.A.; Jaba Farma, S.A.; Jaba Farmacêutica, S.A.; Jaba SGPS, S.A.; Monte da Pouca Farinha, S.A.; Novamed, S.A.; Proemba, S.A.; Sociedade Imobiliária – Qt^a da Barreta, S.A. On 31 December 2014 he held no shares of the share capital of Estoril-Sol, SGPS, SA.

ARMANDO DO CARMO GONÇALVES

Has a graduate degree from the Lisbon Faculty of Law, 1983/84. Holds a graduate degree in Finance from the ISCEF-Lisbon, in 1967/68. Has a master's degree in Company Management in the field of Accounting and Financial Control from the Universidade Autónoma de Lisboa. Took part in several international congresses and meetings on auditing, accounting and management. A Chartered Accountant since 1997. Since 1990, an accounting professor at the ISCAL, with the category of Associate Professor. University Professor.

Elected as member of the company's Supervisory Board in the Special Meeting in 2007, and re-elected in the General Meeting in 04th February 2013.

On 31 December 2014 he held no shares of the share capital of Estoril-Sol, SGPS, SA.

b) Operating rules

34. Internal Regulation and Annual Activity Report

The operating rules of the Audit Board are defined in the Articles of Association of the Company (Chapter V - Article 25 to 28) and can be found on the Website (www.estoril-solsgps.com).

35. Statutory Audit Board Meetings

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

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

The Audit Board met 8 times during 2014.

- Dr. Mário Pereira Pinto: 100%
- Dr. António José Alves da Silva: 100%
- Dr. Manuel Martins Lourenço: 100%

Dr. Armando do Carmo Gonçalves: 0%

36. Availability of the members of the Statutory Board members

All members of the Audit Board of the Company demonstrated, consistently, its willingness to exercise their functions, having appeared regularly at board meetings and participated in its work.

MÁRIO PEREIRA PINTO

Chairman of the Board of Change Partners, SCR, SA

Chairman of the Board of Change Partners, SGPS, SA

Chairman of the Board of Hottrade, S.A.

Chairman of the Board of Fluidinova, S.A.

Non-executive director of BA - Glass, SA

Director of CEV - Consumo em Verde, S.A.

MANUEL MARTINS LOURENÇO

Statutory Auditor of the Company Sogapal - Sociedade Gráfica da Paiá, S.A.

Statutory Auditor of the Company Octapharma - Distribuição de produtos farmacêuticos. S.A.

Statutory Auditor of the Company Salsicharia Estromocense, Ld.^a

Statutory Auditor of the company PREBUILD, S.A.

ANTÓNIO JOSÉ ALVES DA SILVA

Statutory Auditor in Equiconsulte, S.A

Statutory Auditor in Interlago, S.A

Statutory Auditor in L.D.R., S.A.

Statutory Auditor in LMGL, S.A

Statutory Auditor in LMGT, S.A

Statutory Auditor in Monte da Espinheira, S.A.

Statutory Auditor in Neves Tavares & Irmãos, S.A.

Statutory Auditor in Predial da Aversada, S.A.

Statutory Auditor in Simares, S.A.

Statutory Auditor in Soc. Agrícola - Qt.^a da Barreta, S.A.

Statutory Auditor in Tavares & C^o - Cortiças, S.A.

ARMANDO DO CARMO GONÇALVES

Statutory Auditor in Egor Portugal, S.A.

Statutory Auditor in Matur - Empreendimentos TS.A.

Statutory Auditor in Limpac Corporation

Statutory Auditor in Tecnovia, S.A.

Statutory Auditor in Iconomatro - Madeiras e Derivados, S.A.

c) Duties and Competencies

37. Intervention by the Statutory Audit Board for the purpose of hiring additional services to the Statutory External Auditor

The Statutory Audit Board is responsible for the approval of additional audit services to the Statutory External Auditor.

38. Other duties carried out by the Statutory Audit Board

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

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

IV. Statutory external auditor

39. Identification

Lampreia & Viçoso, SROC. No. 157 - Represented by José Martins lampreia, Statutory Auditor no. 149. The external auditor was elected for four years in the General Meeting of 04th February 2013, upon the proposal of the Audit Board, for the years 2013 to 2016.

40. Permanence in Functions

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

41. Other services provided to the Company

The Statutory Auditors additionally provides to the Company, the services of external auditors.

V External auditor

42. Identification

The Company's External Auditor is, in compliance with the article 8 of the Portuguese Securities Code, Lampreia & Viçoso, SROC. No. 157 - Represented by José Martins Lampreia, Statutory Auditor no. 149.

43. Permanence in Functions

The external auditor was elected for four years in the General Meeting of 04th February 2013, upon the proposal of the Audit Board, for the years 2013 to 2016.

Even assuming that it remains the same Auditor (SROC) to provide external audit services for more than three terms, it should be noted the following:

- There is no permanence in the representative partner of the SROC that effectively and specifically, has ensured the audit services to the Estoril-Sol, which was nominated in 2013 for a term of only four years;
- Is guaranteed the independence of the Auditor by modifying the representative partner of the SROC;
- The specific activity of Estoril-Sol require from their service providers, including the Auditor, justifying specific and technical knowledge which make it advantageous to not spin:
- Auditor rotation will cause an increase in costs that is considered disproportionate to the advantages that this rotation could mean.

44. Policy and frequency of rotation of the external auditor

Please see point 43 above from this same report.

45. External Auditor assessment

According to the model of the corporate governance, the election or removal of the Statutory Auditor / External Auditor is decided at the General Assembly upon the proposal of the Audit Board.

The Audit Board undertakes an annual overall assessment of the External Auditor in which includes an assessment of their independence.

46. Additional work, other than audit services, performed by the External Auditor and hiring process

During the year ended December 31st, 2014 were not performed by the external auditor other works than audit work.

47. Remuneration of the External Auditor

In 2014 the said Statutory Auditor earned 21,000 Euros for the services provided exclusively to Estoril-Sol, SGPS, S.A.

For the services provided to Estoril-Sol group of companies, the remuneration amounted to a total of 70.100 Euros, detailed below:

- 21.000 Euros services provided to Estoril-Sol, SGPS, S.A.;
- 49.100 Euros services provided to Estoril-Sol, SGPS, S.A. subsidiaries;

C. INTERNAL REGULATION

I. Articles of Association

48. Rules applicable in the case of amendments to the Company's Articles of Association

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

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

II – Reporting Irregularities

49. Policy on reporting Irregularities

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

III – Internal Control and Risk Management

50. Individuals, bodies or committees responsible for internal audit and / or implementation of internal control systems

Estoril-Sol considers to be of great importance and relevance the implementation of internal control systems. This results, essentially, from the relevance of the sector in which operate the major subsidiaries of the Company. The companies of the Group, aiming to prevent and minimize the risk inherent to their economic activities, have specialised technical services of supervision and control, responsible for the strict fulfillment of the standards of physical safety of customers, employees and installations and also compliance with the legislation that regulates the Gaming activity in Portugal, and it should be pointed out that Portuguese Casinos are subject to the permanent supervision by the State through the Gambling Inspection Service of the Instituto de Turismo de Portugal I.P.

The management of economic and financial risk of the Company and its business associates is continuously monitored by the Board of Directors collaboration with the Operational Management, Security and CCTV Directors, and with the Planning and Control Department.

The board of Directors has been promoting the necessary and appropriate conditions to enable effective monitoring of the management of risks inherent in the Company and Subsidiaries Companies of Estoril-Sol Group, as well as the internal control system, and maintains regular monitoring on the work done.

The Audit Board evaluates the effectiveness of internal control and risk management systems.

51. Hierarchy/or functional relationships with other Company's Bodies

Please see answer to the previous point (Point 50) of this Report.

52. Other Functional Areas with Risk Control Competencies

Please see answer to the previous point (Point 50) of this Report.

53. Identification and Classification of Risks

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

Business Risk:

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

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

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

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

Contractual Risks:

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

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

Physical Risks:

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

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

Financial and Currency Exchange Risks:

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

Depending on the operating funds that are freed up, it is felt that the financial risk to which the associated undertakings are exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that assets guarantees are dispensed with for operations under contract.

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

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

54. Description of the risk management processes, identification, assessment, monitoring, control and risk management

Please see answer to the previous point (Point 50) of this Report.

55. Description of the main features of risk management and internal control systems in relation to the preparation and disclosure of financial information

One of the main duties of the Board of Directors of Estoril-Sol together with the respective governing bodies from the major subsidiaries of the Company, is to ensure the right conditions for the preparation and disclosure of the Group Financial Information, while ensuring: reliability, transparency, consistency and accuracy of the financial information prepared and disclosed. Among the key elements of the internal control systems implemented by the Company related with the preparation and disclosure of financial information, we highlight the following:

- The individual financial statements and budget control are prepared on a monthly basis and approved in the Council of Directors ;
- - The heads of operating departments of subsidiaries are required to justify significant deviations from budgeted amounts on a monthly basis ;
- - The consolidated financial statements are prepared quarterly and approved by the Board of Directors;-
- The Statutory Auditor and External Auditor perform an annual audit and half year limited individual and consolidated financial statements ;
- - The Audit Board meets at least once every quarter, analyzes the individual and consolidated financial statements for the three and six months;
- - The Audit Board meets at least once every quarter, to examine and approve the annual and consolidated financial statements for the year
- ;- The annual report is prepared by the Finance Department , approved by the Board of Directors and the Audit Board , and its content is reviewed by the Statutory Auditors .

IV – Investor relations

56. Investor Relations Department

The representative for market relations, whose contact details are in the following section should be contacted

57. Legal representative for Capital Market Relations

As at December 31st, 2014 the company representative for market relations was Mr. Luís Pedro Matos Lopes, whose contact details are:

Av. Clotilde, n.º 331
2765-237 Estoril
Tel. 214667873
Fax. 214667963
Email: llopes@estoril-sol.com

58. Information Requests

Being the information request so rare, the representative for market relations ensures a prompt answer to all requests for information that are formulated.

V – Website

59. Address

The Company has available to investors a place on the Internet (www.estoril-solsgps.com) through which discloses financial information relating to its individual and consolidated operations and commercial "links" to the "sites" of its associated companies, Estoril Sol (III) and Varzim Sol

60. Location of the information mentioned in Article 171 of the Commercial Companies Code

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Company identification.

61. Location where the Articles of Association, Bodies and Committees' Regulations can be found

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Company / Articles of Association.

62. Location where is provided information about the identity of the governing bodies, the representative for market relations, the Investor Relations Department, functions and means of access

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Company / Governing Bodies.

63. Location where is provided the documents of accounting and calendar of corporate events

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
– Financial Reports and Accounts.

64. Location where is provided the notice to General Meeting and all related information

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Disclosures / General Meetings.

65. Location where the historical archives are available with resolutions adopted at the Company's General, the represented share capital and the voting results, with reference to the previous 3 years

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Disclosures / General Meetings.

D - Remuneration**I – Competence****66. Competence for determining the remuneration of Governing Bodies, Executive Directors and Company's persons discharging managerial responsibilities (“dirigentes”)**

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

Similarly, it is for the Remuneration Committee establishing remuneration in cases where there is due and, members of the General Meeting.

67. Composition of the Remuneration Committee, identification of other individuals and entities hired to provide support and advisors statement of independence

Within the terms of Article 34 of the Articles of Association, the Remuneration Committee of the Estoril-Sol comprises three members (shareholders or not), elected by the General Meeting of 04th February 2013 for the years 2013 to 2016.

At December 31st, 2014, the Remuneration Committee comprises the following shareholders:

- Dr^a. Pansy catilina Chiu King Ho;
- Dr. Jorge Armindo de Carvalho Teixeira;
- Dr. Calvin Ka Wing Chann.

68. Knowledge and Experience of the members of the Shareholders' Remuneration Committee

The experience and qualifications of the members of the Remuneration Committee are mirrored in the curricula, as points 19 and 26 above, this same report.

69. Description of the remuneration policy of the board of directors and the supervisory board, as provided for in article 2 of Law 28/2009, of 19 June

The remuneration policy of the management and supervisory bodies was subject to approval in the General Meeting of 21 May 2013. The proposal on the policy of remuneration was unanimously approved by those present (shareholders who owned 90,47% of the share capital were present or duly represented).

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

“The policy of remuneration, general criteria and guiding principles

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

a) Functions performed

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

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

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

b) Economic situation of the Company

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

c) General market conditions for comparable situations

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

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

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

1.1. Board of Directors

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

1.2. Audit Board

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

1.3. Statutory Auditor

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

Estoril, 27 April 2013

The Remuneration Committee”

70. Remuneration of the Board of Directors

The structure of the Board of Directors remuneration and basis for determining it are those contained in the remuneration policy approved at the General Meeting of May 21st, 2013 and transcribed in the previous point (Point 69) of this report.

71. Variable Remuneration of the Board members

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

72. Deferred payment of the remuneration's variable component

Not applicable in the case of the Company, please see answer provided in the previous point (Point 71) of this Report.

73. Criteria that underlie the allocation of variable remuneration in shares and their maintenance

The remuneration of the members of the corporate offices will be established by the Remuneration Committee, which shall consist of fixed amounts and/or percentages on profits from the fiscal year not occurring on distributions of reserves or on any non-distributable part of such profits, and, overall, such percentages may not exceed eleven percent for the Board of Directors and two percent for the Audit Board.

74. Criteria that underlie the allocation of variable remuneration in options

Not applicable in the case of the Company, please see answer provided in the previous point (Point 73) of this Report

75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

The parameters and reasoning concerning annual bonuses are foreseen in the remuneration policy, detailed in point 69 of this same report.

76. Main characteristics of complementary pension or early retirement schemes for the Administrators

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

Besides the pensions that arise from commitments assumed with retired directors, with regard to the others, accounting principles require provisions to be set up, notwithstanding the fact that this is not a constituted right, whether this be definitive or provisional. On this basis, Estoril Sol, based on an actuarial

study updated each year, has reflected a provision in its accounts which on 31 December 2014 was 864,940 Euros, equal to the liabilities assumed in the case of the directors who had already retired, who receive an annual retirement pension broken down individually as follows: José Teodoro Telles 52,374.00 Euros. An identical provision is set up for 2,523,000.00 Euros to cover the future retirement pensions already contracted with Mário Assis Ferreira, Patrick Huen, Ambrose So and Choi Man Hin, who, when they retire, will receive an annual pension amount equivalent to that of the retired directors mentioned above.

Among do companies of the Group, the following pension rights of some Directors were reinforced, resulting from the execution of the retirement insurance policies taken out for the purpose: - Calvin ka Wing Chann 162,745 Euros

IV – Disclosure of remuneration

77. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's members of the Board of Directors

The members of the Board of Directors only received fixed remuneration in 2014, for the global amount of 105,000 Euros, broken down as follows:

- BOARD OF DIRECTORS - Jorge Armindo de Carvalho Teixeira 52,500 Euros; Pansy Catilina Ho 52,500 Euros.

78. Any amounts paid by other companies in a control or group or that they are subject to the same domain as that of the Company

The members who comprise the boards of various operational companies of the Estoril Sol Group received overall remunerations paid by other companies in a control or group relationship amounting to a total of 2,414,250 Euros, broken down individually as follows: António José de Melo Vieira Coelho 400,000 Euros; Calvin Ka Wing Chann 400,000 Euros; Choi Man Hin 248,000 Euros; Jorge Armindo de Carvalho Teixeira 83,125 Euros; Mário Alberto Neves Assis Ferreira 400,000 Euros; Miguel António Dias Urbano de Magalhães Queiroz 400,000 Euros; Vasco Esteves Fraga 400,000 Euros;

Among do companies of the Group, the following pension rights of some Directors were reinforced, resulting from the execution of the retirement insurance policies taken out for the purpose: - Calvin ka Wing Chann 162,745 Euros

79. Compensation paid in the form of profit sharing and/or bonus payments

It has not been paid by the Company to members of the Governing Bodies any remuneration on profit sharing or bonuses.

80. Compensation paid or owed to former executive directors following loss of office

It has not been paid by the Company to former executive directors any compensation following loss of office.

81. Remuneration of the Statutory Audit Board

The members of the Audit Board only received fixed remuneration in 2014, for the global 56,000 Euros, broken down as follows:

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

In 2014, the said Statutory Auditor earned 70,100 Euros from the Companies of the Group, by way of fees relating to the legal auditing of accounts, and did not provide services of any other kind. (Point 47 of this same report)

In 2014, the said Statutory Auditor earned 21,000 Euros for the services provided exclusively to Estoril-Sol, SGPS, S.A.

For the services provided to Estoril-Sol group of companies, the remuneration amounted to a total of 70.100 Euros, detailed below:

- 21.000 Euros services provided to Estoril-Sol, SGPS, S.A.;
- 49.100 Euros services provided to Estoril-Sol, SGPS, S.A. subsidiaries;

82. Remuneration of the Chairman of the Board of the Shareholders' General Meeting

The annual remuneration of the Chairman of the Board of the Shareholders' General Meeting is € 5000 Euros, was set by the Remuneration Committee as Act No. 24 of June 6, 2007.

V – Agreements with remuneration implications

83. Contractual limitations on compensations to be paid upon to director's dismissal without due cause and its relation with the variable component of the remuneration

There are no agreements in place that establish amounts to be paid in case of dismissal without due cause, without prejudice to the applicable legal provisions.

84. Reference to the existence and description, stating the sums involved, of the agreements between the company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the Company

There are no agreements made between the company and members of the Board of Directors, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in Company control.

VI – Share attribution plans or stock options

85. Identification of the plan and recipients

There are no share attribution plans or stocks options within the Company.

86. Plan Features

Not applicable. See previous point (85)

87. Option rights granted to acquire shares (“stock options”) where the beneficiaries are company employees

Not applicable. See previous point (85)

88. Control mechanisms in any system of employee participation in the capital

Until 31st December, 2013⁴is has not been foreseen any system of employee participation in the Company's Capital

E – Relevant transactions with related parties

I – Mechanisms and control procedures

89. Mechanisms for monitoring transactions with related parties

During 2014, no business was conducted between the company and the members of its administrative and supervisory bodies, holders of qualifying holdings or companies that are controlled by or grouped under the Company.

90. Transactions subjected to control during 2014

Please see answer to previous point (89)

91. Description of the procedures and criteria for intervention of the Statutory Audit Board for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code

During 2014, no business was conducted between the company and holders of qualifying holdings or entities that are in any group or control relationship with them, within the terms of Article 20 of the SC.

There have been no material business with holders of qualifying holdings or entities that are in a relationship with them. For that reason there was not the need to obtain a prior opinion of the Audit Board for this purpose. With regard to the procedures and criteria required to define the relevant level of significance of these deals and other conditions for intervention, taking into account the specificities of Estoril-Sol, namely its shareholder structure, there was not until now the formalization of these procedures and conditions, nevertheless all business of the company, regardless of its relevance, take the necessary safeguard of all Estoril-Sol shareholders' interests.

II – Elements related to transactions

92. Information on transactions with related parties

The relevant information about the business with related parties can be found in note 21 of the Notes to the individual accounts of the Company, available on the Company website (www.estoril-solsgps.com) and also on the official website of the Committee on Securities Market (www.cmvm.pt).

PART II – STATEMENT OF COMPLIANCE

1 . Identification of the adopted Corporate Governance Code

Pursuant to Regulation no. 4/2013 of the Securities and Exchange Commission (CMVM) on the governance of listed companies, it is mandatory for these companies to prepare a governance report in order to provide information to the market on corporate governance practices.

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

The Company prepares this governance report, by reference to the year ended on 31st December 2014, in fulfillment of the legal requirements of article 245-A of the SC and regulations of Regulation no. 4/2013 of the CMVM. This report on the governance of the Company represents a description of the corporate structure of Estoril-Sol and of its corporate practices, with the aim of providing information to the market on the scope of the policy of transparency that Estoril-Sol has been practicing over the years.

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

2 Analysis of compliance with the adopted Corporate Governance Code

I – Voting and control

CMVM Recommendation	Corporate Governance practice	Justification	Reference
I.1. Companies shall encourage shareholders to attend and vote at general meetings, namely by not setting an excessively large number of shares required for having the right to one vote, and by implementing the means necessary to exercise the voting right by post and electronically..	Recommendation partially adopted.	Postal voting is allowed within the terms of Article 10.5 of the Articles of Association. Within the terms of Article 10.3 of the Articles of Association of Estoril-Sol, each hundred shares corresponds to one vote. Voting by electronic devices is not foreseen.	Please see point 12 of this report.
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a resolution-fixing quorum greater than that required by law..	Recommendation not adopted	In fact, article 13, no. 3 of the Articles of Association require a bigger deliberating quorum than that contemplated at law for the election of the Remuneration Committee and of the Advisory Board, given that we are dealing with deliberations concerning the election of strategic offices, which in fact are very close to the Board of Directors	
I.3. Companies shall not establish mechanisms that might cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly substantiated in terms of long term interests of shareholders.	Recommendation adopted.	No such mechanisms have been adopted or established	
I.4. The company's articles of association that provide for a limitation to the number of votes that may be held or exercised by a sole shareholder, either individually or in agreement with other shareholders, shall also foresee that, at least every five years, the maintenance of such bylaw provision shall be subject to a resolution at the General Meeting – with no requirements for an aggravated quorum as compared to the legal one – and that in said resolution, all votes issued be counted, without applying said restriction.	Recommendation adopted.	Within the terms of Article 10.3 of the Articles of Association of Estoril-Sol, each hundred shares correspond to one vote. The actual shareholder structure of the Company does not press the amendment of this statutory provision. However, this is a recommendation that can be implemented in an upcoming statutory review.	Please see point 5 of this report.

CMVM Recommendation	Corporate Governance practice	Justification	Reference
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and are able to impair the free transfer of shares and the free assessment by shareholders of the performance of Board members, shall not be adopted.	Recommendation adopted.		Please see details in previous answer to points 4 and 84 of this report.

II – Supervision, management and audit

II.1 – Supervision and management

CMVM Recommendation	Corporate Governance practice	Justification	Reference
II.1.1. Within the limits established by law, and unless the company is of a reduced size, the board of directors shall delegate the daily management of the company, and the delegated duties should be identified in the Annual Report on Corporate Governance.	Recommendation adopted.	In compliance with the various recommendations that, over the years, have been issued in this regard, in February 2013 the Company established and appointed an Executive Committee consisting of four members of its Board of Directors.	Please see points 28 and 29 of this report.
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its goals and should not delegate its duties, as regards the following: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions considered to be strategic due to the amount, risk and particular characteristics involved.	Recommendation adopted.		Please see points 28 and 29 of this report.
II.1.3. In addition to its supervisory duties, the General and Supervisory Board shall take full responsibility at corporate governance level, hence, either through the statutory provision, or equivalent, it must be established, as a mandatory requirement, that this body decides on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the	Recommendation not applicable	As it was mentioned, the governance model adopted by the Company does not include General and Supervisory Board.	

CMVM Recommendation	Corporate Governance practice	Justification	Reference
implementation of the company's key policies.			
<p>II.1.4. Unless the company is of a reduced size, and depending on the adopted model, the Board of Directors and the General and Supervisory Board shall create the necessary committees in order to:</p> <p>a) Ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as of its own overall performance. And further yet, the performance of all existing committees;</p> <p>b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies measures to be implemented with a view to their improvement.</p>	<p>Recommendation not applicable</p>	<p>As noted, in compliance with the various recommendations that, over the years, have been issued in this regard, in February 2013 the Company established and appointed an Executive Committee.</p> <p>Nevertheless, no defined responsibilities or delegated executive powers, were specifically identified. In fact, the Company's management continues to be collegial as it is recalled that, even if it is a company with a substantial business, taking into consideration the structure and characteristics of the Company, its social object, organizational structure of the group of companies whose shares are managed by the Company, and the composition of its board of directors, must be understood not justify the delegation of powers and / or the creation of specialized functions within the same and it should be considered for these purposes a company with limited size.</p> <p>The small size and the structure of society does not justify the creation of commissions and / or distribution of specialized duties among the members of the Board of Directors of the Society or within the Executive Committee.</p>	<p>Please see points 27 until 29 from this report.</p>
<p>II.1.5. Depending on the applicable model, the Board of Directors or the General and Supervisory Board should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.</p>	<p>Recommendation adopted.</p>		<p>Please see points 50 and 53 from this report.</p>

CMVM Recommendation	Corporate Governance practice	Justification	Reference
<p>II.1.6. The Board of Directors shall include a sufficient number of non-executive members, whose role is to ensure effective monitoring, supervision and assessment of the activity of the remaining members of the board.</p>	<p>Recommendation adopted.</p>	<p>From the eleven (11) members of the Board of Directors, seven (7) are non-executive members, a percentage of 63,64%, which ensures the effective capacity to monitor, supervise and evaluate the activity of the other remaining members of the board.</p>	<p>Please see points 17 and 18 from this report</p>
<p>II.1.7. The non-executive members of the management body shall include a number of independent members as appropriate, taking into account the adopted corporate governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed under the terms of the legislation in force. The other members of the Board of Directors are considered independent, if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, namely due to:</p> <ul style="list-style-type: none"> a. Having been an employee of the company or of a company holding a controlling or group relationship with the latter, within the last three years; b. Having, in the past three years, provided services or established a commercial relationship with the company or company which is in a control or group relationship with the latter, either directly, or as a partner, board member, manager or director of a legal person; c. Being paid by the company or by a company with the latter in a control or group relationship, other than the remuneration paid for the exercise of Board member functions; d. Living with a partner or being spouse, relative or any next of kin relative, either direct or up to and including the third de- 	<p>Recommendation not adopted.</p>	<p>Taking into consideration primarily, the shareholder structure of the Company and secondly the specific economic activity indirectly developed by the Company, which has promoted the progression of the board members from its subsidiaries into its own board members, it is not identified any independent member within the members of the Board of Directors.</p>	



CMVM Recommendation	Corporate Governance practice	Justification	Reference
<p>gree of collateral affinity, of board members or natural persons that are direct and indirectly holders of qualifying holdings;</p> <p>e. Being a qualifying shareholder or representative of a qualifying shareholder.</p>			
<p>II.1.8. When executive directors are requested by other Board members to supply information, the former shall do so in a timely and appropriate manner.</p>	Recommendation adopted.		Please see points 25 from this report
<p>II.1.9. The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Committee, the convening notices and minutes of the relevant meetings.</p>	Recommendation adopted.		Please see points 29 from this report
<p>II.1.10. Should the chairman of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination and the conditions of other non-executive members' work, so that said non-executive members can make independent and informed decisions or set up an equivalent mechanism to ensure such coordination.</p>	Recommendation not applicable.	The Chairman of the Board of Directors of the Company is not a member of the Executive Committee.	Please see points 28 from this report

II.2 – Audit

CMVM Recommendation	Corporate Governance practice	Justification	Reference
<p>II.2.1. Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the appropriate skills for the exercise of his or her duties.</p>	Recommendation adopted.	The members of the Audit Board of the Estoril-Sol comply with the rules of incompatibility set out in paragraph 1 of Article 414.-A and meet the criteria of independence set out in Article 414.5, both of the CCC.	Please see point 32 from this report.
<p>II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.</p>	Recommendation adopted.	It is the responsibility of the Audit Board to oversee the activities and independence of the Statutory Auditor and External Auditor.	Please see point 38 from this report.
<p>II.2.3. The supervisory board shall assess annually the external auditor and propose to the competent body its dismissal or termination of the contract as to the provision of their services, whenever justifiable grounds are present.</p>	Recommendation adopted.	The Audit Board has, in fact, that jurisdiction. The Statutory Audit Board's annual report and opinion include an assessment of the work performed by the Statutory External Auditor. The Audit Board has than the power to propose to the Shareholders General Meeting the dismissal of the Statutory Auditor, if reasons to do so were found	
<p>II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management, proposing adjustments if deemed necessary.</p>	Recommendation adopted.	The Audit Board oversees and monitors compliance with the law and the articles of association, regularly evaluating the effectiveness of internal control systems implemented in the Company, proposing the improvements that it considers necessary and in answer to their effectiveness in their annual report and opinion.	Please see point 38 from this report.
<p>II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board should decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules</p>	Recommendation adopted.		Please see point 38 and 50 from this report.

CMVM Recommendation	Corporate Governance practice	Justification	Reference

applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities.

II.3 – Remuneration approval

CMVM Recommendation	Corporate Governance practice	Justification	Reference
<p>II.3.1. All members of the Remuneration Committee or equivalent shall be independent from the members of the executive members of the board and shall include at least one member with knowledge and experience in remuneration policy.</p>	<p>Recommendation not adopted.</p>	<p>The members of the Remuneration Committee are not unrelated to the board. Notwithstanding, Estoril-Sol believes that it is not compromised the independence and rigor of the members of its Remuneration Committee, since they are elected by the Shareholders' General Meeting, have recognized expertise and experience in remuneration policy and, along the years, the successive members of the Remuneration Committee have performed their duties with complete impartiality, transparency and objectivity.</p>	
<p>II.3.2. Any natural or legal person that provides or has provided services in the last three years to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of its duties. This recommendation also applies to any natural or legal person that is related to them through an employment or provisions of services contract.</p>	<p>Recommendation adopted.</p>	<p>Notwithstanding the information already provided that some of the members of the Remuneration Committee are shareholders and members of the Board of Directors, it is understood that this recommendation was adopted in as much as the Remuneration Committee did not hire, to assist it in the performance of its functions, any natural or legal person that provides or has provided, in the last three years, services to any structure reporting to the Board of Directors, to the Board of Directors of the company itself or which has an actual relationship</p>	<p>Please see point 67 from this report.</p>

CMVM Recommendation	Corporate Governance practice	Justification	Reference
<p>II.3.3. The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on:</p> <p>a) Identification and explanation of the criteria for determining the remuneration granted to the members of the governing bodies;</p> <p>b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate terms, to be paid to the members of the corporate bodies, and also the identification of the circumstances whereby these maximum amounts may be payable;</p> <p>c) (sic) Information regarding the enforceability or unenforceability of payments relating to the dismissal or termination of the functions of Directors.</p>	<p>Recommendation adopted.</p>	<p>with the company's consultant.</p>	<p>Please see point 69 and 80 from this report..</p>
<p>II.3.4. A proposal for approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the information necessary for a proper appraisal of the plan.</p>	<p>Recommendation not applicable.</p>	<p>There is no plan for assigning shares, and/or options for purchasing shares or based on changes in share prices, to members of the administrative and supervisory bodies and other officials, pursuant to sec. 3 of article 248-B of the SC.</p>	
<p>II.3.5. Approval of any retirement benefit scheme established for members of the statutory governing bodies must be submitted to the General Meeting's approval. The proposal shall contain all the information necessary for the correct assessment of the system.</p>	<p>Recommendation not adopted.</p>	<p>By the Articles of Association approved in the General Meeting of 29 May 1998, Estoril Sol, SGPS, SA again confirmed, in article 36, the right to a retirement pension paid by the company to the former directors who had already retired, based on the previous article 25 of the Articles of Association that were then altered, and the same rights and benefits as those of directors, in office at that time, who had or would have then completed ten years of service – after entering retirement - rights and benefits to</p>	<p>Please see point 76 from this report.</p>

CMVM Recommendation	Corporate Governance practice	Justification	Reference
-----		<p>be regulated in a contract to be agreed between the Company and these directors.</p> <p>During 2014 no new system of retirement benefits for members of the governing bodies were made within the meaning of no. 3 of article 248. B of the CVM.</p>	

III – Remuneration

CMVM Recommendation	Corporate Governance practice	Justification	Reference
<p>III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk taking.</p>	<p>Recommendation adopted.</p>	<p>The remuneration of all members of the Board of Directors, whether belonging or not to the Executive Committee, is based on actual performance and discourages excessive risk taking.</p> <p>It should be noted that the remuneration policy of the members of the Board of Directors seeks to discourage excessive risk-taking because, in the long term, aims to achieve the alignment between the interests of the board members and the interests of the Company.</p>	<p>Please see point 69 from this report.</p>
<p>III.2. The remuneration of the non-executive board members and the members of the supervisory board, shall not include any component whose value depends on the performance of the company or of its value.</p>	<p>Recommendation adopted.</p>	<p>Please see justification upon recommendation III.1 and point 69 from this report.</p>	<p>Please see previous point as well as point 69 from this report.</p>
<p>III.3. The variable remuneration component shall be overall reasonable in relation to the fixed component of the remuneration and maximum limits should be set for all components.</p>	<p>Recommendation adopted.</p>	<p>The remuneration of the executive directors may include, but this has not been the case, a variable component, within the terms of Article 34 of the Articles of Association of the Company. The variable component depends on the desire manifested in the</p>	<p>Please see point 71 from this report.</p>

CMVM Recommendation	Corporate Governance practice	Justification	Reference
-----		General Meeting by the shareholders.	
<p>III.4. A significant part of the variable remuneration should be deferred for a period of no less than three years and its payment should depend on the continued positive performance of the company during said period.</p>	Recommendation adopted.		Please see points 71 and 73 from this report.
<p>III.5. Members of the Board of Directors shall not enter into contracts with the company or third parties which intend to mitigate the risk inherent to remuneration variability set by the company.</p>	Recommendation adopted.	It is considered that the remuneration policy of the Board of Directors (cf. point 69 of this report), and the provisions of Article 34 of the Articles of Association (cf. point 71 of this Report), together contribute to mitigate the risk inherent to remuneration variability.	Please see points 69 and 71 from this report.
<p>III.6. Until the end of their mandate, executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the overall annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares.</p>	Recommendation not applicable.	There isn't any plan to allot shares as was clarified with regard to the remuneration policy of the Board of Directors under exposed in points 69 and 73 of this Report.	Please see points 69 and 73 from this report.
<p>III.7. If the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.</p>	Recommendation not applicable	There isn't any plan to allot shares as was clarified with regard to the remuneration policy of the Board of Directors under exposed in points 69, 73 and 74 of this Report.	Please see points 69, 73 and 74 from this report.
<p>III.8. When the removal of the board member is not due to a serious breach of their duties, nor to their unfitness for the normal exercise of their functions, but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments, so that any damages or compensation, beyond that which is legally due, is unenforceable.</p>	Recommendation adopted.	The statement on the remuneration policy referred to in Article 2 of Law No. 28/2009 was published and, indeed, does not include any reference to payments related with the dismissal of any member of the board of directors, because there are no specifics about it that are applicable to the situations described. In the absence of, Estoril Sol took no reason to make any reference to this fact, namely through the inclusion of any negative statement.	

IV – Auditing

CMVM Recommendation	Corporate Governance practice	Justification	Reference
<p>IV.1. The external auditor shall, within the framework of its duties, verify the implementation of remuneration policies and systems of the corporate bodies, as well as the efficiency and effectiveness of the internal control mechanisms, reporting any deficiencies to the company's supervisory body.</p>	<p>Recommendation adopted.</p>	<p>The External Auditor within their competencies, verifies the implementation of remuneration policies of the statutory bodies as well as the effectiveness and operation of the internal control mechanisms.</p>	
<p>IV.2. The company or any other entities with the latter in a control relationship, shall not engage the external auditor or any entity with the latter in a group relationship or which is part of the same network, for services other than audit services. If there are reasons for hiring such services – which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance – said value should not exceed more than 30% of the total value of services rendered to the company.</p>	<p>Recommendation adopted.</p>		<p>Please see points 46 and 47 from this report.</p>
<p>IV.3. Companies shall support auditor rotation at the end of two or three terms of office, depending on whether they last for four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.</p>	<p>Recommendation not adopted..</p>	<p>The external auditor was elected for four years in the General Meeting of 04th February 2013, upon the proposal of the Audit Board, for the years 2013 to 2016. Even assuming that it remains the same Auditor (SROC) to provide external audit services for more than three terms, it should be noted the following:</p> <p>There is no permanence in the representative partner of the SROC that effectively and specifically, has ensured the audit services to the Estoril-Sol, which was nominated in 2013 for a term of only four years;</p> <p>Is guaranteed the independence of the Auditor by modifying the representative partner of the SROC;</p> <p>The specificity of the activity run by Estoril-Sol require from their service providers, including the</p>	

CMVM Recommendation	Corporate Governance practice	Justification	Reference
		<p>Auditor, specific and technical knowledge which make it advantageous to not spin.</p> <p>Auditor rotation will cause an increase in costs that is considered disproportionate to the advantages that this rotation could mean to the company.</p>	

V – Conflicts of interests and transactions with related parties

CMVM Recommendation	Corporate Governance practice	Justification	Reference
<p>V.1. In relation to business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Securities Code, such business should be carried out under normal market conditions.</p>	<p>Recommendation adopted.</p>	<p>There are no significant commercial relationships between holders of qualified shareholdings and the Company.</p>	<p>Please see point 10 from this report.</p>
<p>V.2. Significant business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Securities Code, should be subject to prior comment and opinion by the audit board. This entity must establish the necessary criteria to define the relevant level of significance of the business involved and the scope of its involvement.</p>	<p>Recommendation not adopted.</p>	<p>There being no materially relevant deals with holders of qualifying holdings, or entities with which they have any relationship, there was clearly no need to obtain any prior opinion from the supervisory body for this purpose. With regard to the procedures and criteria necessary for the definition of the relevant level of significance of these deals and the other terms of their intervention, taking into consideration the specific aspects of Estoril-Sol, namely its shareholder structure, to date there has been no formalization of these procedures and conditions, even though all and any deals of the company, regardless of the respective relevance, assume the necessary safeguard of the interests of all the shareholders of Estoril-Sol.</p>	

VI – Information

CMVM Recommendation	Corporate Governance practice	Justification	Reference
<p>VI.1. Companies shall provide, via their websites in both Portuguese and English version, access to information on their progress as regards the economic, financial and governance standing.</p>	<p>Recommendation partially adopted.</p>	<p>Estoril-Sol discloses all of its information in the Portuguese language, but only part is available in English. In every case, the Company is planning, in the near future, to also make all information available in the English language.</p>	
<p>VI.2. Companies shall ensure the existence of an investor support and market liaison office, capable of responding to investors' requests in a timely manner. A record of the submitted requests and their processing shall be kept.</p>	<p>Recommendation adopted.</p>		<p>Please see points 56 and 57 from this report.</p>

3 Other information

The Company complies with most of the recommendations of governance of the Code of Governance adopted. Despite the reformulation operated by the CMVM, in particular the entry into force of Regulation No. 4/2013 and all related documentation - the CMVM Code adopted by Estoril-Sol, still contains many aspects that are directed to issuers of shares admitted to trading on a regulated market whose size, social purpose, and especially the degree of dispersion of the capital market does not correspond to concrete and stable characteristics of Estoril-Sol.

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

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Pursuant to the Commercial Companies Code and the Company's Articles of Association, it is proposed that the Net Profit, recorded by the individual accounts of the year, amounting to - 1,971,353 Euros in the red, be applied in the caption of:

Other Reserves and Retained Earnings - 1,971,353 Euros

Estoril, 17th of April 2015

The Board of Directors

- | | |
|-----------------|---|
| - Chairman | - Stanley Hung Sun Ho |
| - Vice-Chairmen | - Mário Alberto Neves Assis Ferreira |
| | - Wuen Wing Ming, Patrick |
| - Directors | - Ho Chiu King, Pansy Catilina |
| | - So Shu Fai, Ambrose So |
| | - Man Hin Cho |
| | - António José de Melo Vieira Coelho |
| | - Vasco Esteves Fraga |
| | - Jorge Armindo de Carvalho Teixeira |
| | - Calvin Ka Wing Chann |
| | - Miguel António Dias Urbano de Magalhães Queiroz |



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Information regarding the securities issued by ESTORIL-SOL, S.G.P.S., and by companies with which the Company is in controlling or group relationship, which are owned by the members of the Corporate Offices of the Company on 31 December 2014.

Stanley Hung Sun Ho – Chairman of the Board of Directors

- On 31.12.2014 he held 135,662 shares of Estoril-Sol, S.G.P.S., S.A.;
He neither purchased nor sold shares of this company during the year;
- On 31.12.2014 he held 170,911 shares of FINANSOL, Sociedade de Controlo - SA (S.G.P.S.);
He neither purchased nor sold shares of this company during the year;

Patrick Huen – Vice-Chairman of the Board of Directors

- On 31.12.2014 he held 55,000 shares of Estoril-Sol, S.G.P.S., S.A.;
He purchased 5,000 shares of this company during the year;

Mário Alberto Neves Assis Ferreira – Vice-Chairman of the Board of Directors

- On 31.12.2014 he held 601 shares of Estoril-Sol, S.G.P.S., S.A.;
He neither purchased nor sold shares of this company during the year;

Pansy Catilina Ho – Member of the Board of Directors

- On 31.12.2014 she did not held any shares of Estoril-Sol, S.G.P.S., S.A.;
She neither purchased nor sold shares of this company during the year;

Ambrose So – Member of the Board of Directors

- On 31.12.2014 he held 50,000 shares of Estoril-Sol, S.G.P.S., S.A.
He neither purchased nor sold shares of this company during the year;

Choi Man Hin – Member of the Board of Directors

- On 31.12.2014 he held 527 shares of Estoril-Sol, S.G.P.S., S.A.;
He neither purchased nor sold shares of this company during the year;

António José de Melo Vieira Coelho – Member of the Board of Directors

- On 31.12.2014 he did not held any shares of Estoril-Sol, S.G.P.S., S.A.;
He neither purchased nor sold shares of this company during the year;

Vasco Esteves Fraga – Member of the Board of Directors

- On 31.12.2014 he held 608 shares of Estoril-Sol, S.G.P.S., S.A.;
He neither purchased nor sold shares of this company during the year;

Jorge Armindo de Carvalho Teixeira – Member of the Board of Directors

- On 31.12.2014 he did not held any shares of Estoril-Sol, S.G.P.S., S.A.;
He neither purchased nor sold shares of this company during the year;

Calvin Ka Wing Chann – Member of the Board of Directors

- On 31.12.2014 he held 1,000 shares of Estoril-Sol, S.G.P.S., S.A.;
He purchased 1,000 shares of this company during the year;

Miguel António Dias Urbano de Magalhães Queiroz – Member of the Board of Directors

- On 31.12.2014 he did not held any shares of Estoril-Sol, S.G.P.S., S.A.;
He neither purchased nor sold shares of this company during the year;

Rui José da Cunha – Director of the Advisory Board

- On 31.12.2014 he owned 12,300 shares of Estoril-Sol, S.G.P.S., S.A.
He neither purchased nor sold shares of this company during the year.



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

On 31 December 2014, ESTORIL SOL, S.G.P.S., S.A. held 62,565 treasury shares, and as FINANSOL - SOCIEDADE DE CONTROLO, S.G.P.S., S.A., on 31 December 2014, held 6,930,604 shares of ESTORIL-SOL, S.G.P.S., S.A., it was a direct holder of 58.1% of the share capital and of the voting rights.

The members of the Board of Directors and of the Advisory Board of the Companies which are controlled by or grouped under ESTORIL-SOL, held 255,698 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 2.1% of the share capital and voting rights.

Therefore, in overall terms, the direct and indirect stake of FINANSOL in the capital of ESTORIL-SOL is 60.2%, which is identical to the percentage of votes.

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

On 31 December 2014, ESTORIL-SOL, S.G.P.S., S.A. held 62,565 treasury shares, and, as AMORIM - ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., S.A. held 3,917,793 shares, this company was a direct holder of 32.8% of the share capital and of the voting rights of ESTORIL SOL, S.G.P.S., S.A..

The Companies Briargrove Limited and Nyland Limited as well as the respective "beneficial owners", Srs. Joaquim Ferreira de Amorim, José Américo Amorim Coelho and António Ferreira de Amorim, held 361,500 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 3.0% of the share capital and voting rights.

Therefore, in overall terms, the direct and indirect stake of AMORIM - ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., SA in the share capital of ESTORIL-SOL, S.G.P.S., S.A. was, on 31 December 2014, 35.9% which is identical to the percentage of votes.



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INDIVIDUAL FINANCIAL STATEMENTS
AND
NOTES TO THE ACCOUNTS

Estoril Sol, SGPS, S.A.

BALANCE SHEET ON 31 DECEMBER 2014 AND 2013

(Amounts in Euros)

ASSETS	Notes	2014	2013
<u>NON - CURRENT ASSETS:</u>			
Tangible fixed assets	6	-	29.110
Financial investments	7	125.474.944	135.372.737
Other non-current assets	8	22.241	42.322
Total non-current assets		125.497.185	135.444.169
<u>CURRENT ASSETS:</u>			
State and Public Sector	19	27.500	21.000
Debts of group companies	21	3.530.256	1.243.007
Other accounts receivable		32.590	29.488
Deferrals	10	15.629	506
Cash and bank deposits	4	80.629	73.018
Total current assets		3.686.604	1.367.019
Total assets		129.183.789	136.811.188
<u>EQUITY AND LIABILITIES</u>			
<u>EQUITY:</u>			
Share Capital	11	59.968.420	59.968.420
Treasury shares	11	(708.306)	(708.306)
Issue premiums	11	7.820.769	7.820.769
Legal reserve	12	6.614.782	6.614.782
Outras reserves and Retained earnings	12	(4.883.407)	(3.208.218)
Other variations in equity	12	19.632.477	20.424.321
Net profit of the year	13	(1.971.353)	(2.124.189)
Total equity		86.473.381	88.787.579
<u>LIABILITIES:</u>			
<u>NON - CURRENT LIABILITIES :</u>			
Provisions	14	3.709.656	4.033.711
Financial debt	15/16	-	-
Total do passivo não corrente		3.709.656	4.033.711
<u>CURRENT LIABILITIES:</u>			
Suppliers	18	47.881	44.982
State and Public Sector	19	48.351	71.109
Financial debt	15/16	-	5.216.999
Debts to group companies	21	38.780.988	38.373.703
Other accounts payable	17	123.530	283.105
Total current liabilities		39.000.751	43.989.898
Total liabilities		42.710.407	48.023.609
Total equity and liabilities		129.183.789	136.811.188

The notes form part of the balance sheet on 31 December 2014

INCOME STATEMENT – INDIVIDUAL ACCOUNTS



Estoril Sol, SGPS, S.A.

INCOME STATEMENT

OF THE YEARS ENDED ON 31 DECEMBER 2014 AND 2013

(Amounts in Euros)

INCOME AND COSTS	Notes	2014	2013
Gains / Losses imputed from subsidiaries	7	(605.949)	(564.471)
External supplies and services	22	(675.186)	(648.827)
Staff costs	23	(443.791)	(522.855)
Impairment of debts receivable ((losses) / reversals)		2.980	(9.900)
Provisions (increases / (reductions))	14	40.199	143.929
Impairment of non depreciable investments ((losses) / reversals)		(3.163)	(1.582)
Other income and gains	25	24.471	157.122
Other costs and losses	26	(69.538)	(106.531)
Result before depreciation, financing costs and taxation		(1.729.978)	(1.553.115)
Depreciation costs	27	(6.688)	(16.234)
Operational result (before financing costs and income tax)		(1.736.666)	(1.569.350)
interest and similar costs borne	29	(195.061)	(504.840)
Net result before income tax		(1.931.727)	(2.074.189)
Income tax of the year	9	(39.626)	(50.000)
net profit of the year		(1.971.353)	(2.124.188)
Result per basic share		(0,17)	(0,18)

The notes form part of the income statement
of the year ended on 31 December 2014

Estoril Sol, S.G.P.S., S.A.

CASH FLOW STATEMENTS

OF THE YEARS ENDED ON 31 DECEMBER 2014 AND 2013

(Amounts in Euros)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>OPERATIONS ACTIVITIES:</u>			
Payments to suppliers		(869.357)	(501.278)
Payments to staff		(264.867)	(392.660)
Cash flow generated by operations		(1.134.224)	(893.938)
Payment of income tax		(34.513)	(47.668)
Other receipts (payments) relating to the operating activity		(69.616)	78.056
Cash flow generated by operating activities (1)		<u>(1.238.352)</u>	<u>(863.550)</u>
<u>INVESTMENT ACTIVITIES:</u>			
Receipts from:			
Repayment of additional capital payments		-	-
Dividends		6.450.000	4.500.000
		<u>6.450.000</u>	<u>4.500.000</u>
Payments in respect of:			
Financial holdings		-	(1.065.000)
		-	(1.065.000)
Cash flow from investment activities (2)		<u>6.450.000</u>	<u>3.435.000</u>
<u>FINANCING ACTIVITIES:</u>			
Receipts from:			
Financing obtained from related parties		208.456	3.910.801
		<u>208.456</u>	<u>3.910.801</u>
Payments in respect of:			
Financing obtained from credit institutions		(5.152.000)	(5.848.000)
Interests and similar costs		(195.494)	(555.385)
Amortization of finance leasing contracts		(29.864)	(16.316)
		<u>(5.377.357)</u>	<u>(6.419.701)</u>
cash flow from financing activities (3)		<u>(5.168.902)</u>	<u>(2.508.900)</u>
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		42.746	62.550
Cash and cash equivalents at the start of the period		37.883	(24.667)
Cash and cash equivalents at the end of the period	4	80.629	37.883

The notes form an integral part of these financial statements

Estoril Sol. SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY
OF THE YEARS ENDED ON 31 DECEMBER 2014 AND 2013

(Amounts in Euros)

	Share capital	Treasury shares	Issue premiums	Legal reserve	Outras reserves and retained earnings	Other variations in equity	Net result of the year	Total equity
Balance on 1st January 2013	59.968.420	(708.306)	7.820.769	6.614.782	3.077.224	20.706.185	(6.285.442)	91.193.632
Application of the net profit of the year ended on 31st December 2012 (Note 13)	-	-	-	-	(6.285.442)	-	6.285.442	-
Other comprehensive income (OCI) ended on 31st December 2013	-	-	-	-	-	-	(2.124.189)	(2.124.189)
Adjustments related with financial assets with the equity pick-up method	-	-	-	-	-	(281.864)	-	(281.864)
Balance on 1st January 2014	59.968.420	(708.306)	7.820.769	6.614.782	(3.208.218)	20.424.321	(2.124.189)	88.787.579
Application of the net profit of the year ended on 31st December 2013 (Note 13)	-	-	-	-	(2.124.189)	-	2.124.189	-
Other comprehensive income (OCI) ended on 31st December 2014	-	-	-	-	449.000	-	(1.971.353)	(1.522.353)
Adjustments related with financial assets with the equity pick-up method	-	-	-	-	-	(791.844)	-	(791.844)
Balance on 31st December 2014	59.968.420	(708.306)	7.820.769	6.614.782	(4.883.407)	19.632.477	(1.971.353)	86.473.381

The notes form part of these financial statements

Estoril Sol. SGPS, S.A.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

OF THE YEARS ENDED ON 31st DECEMBER 2014 AND 2013

(Amounts in Euros)

	Notes	2014	2013
Net result of the year	30	(1.971.353)	(2.124.189)
Components of other comprehensive income (OCI):			
Items that will never be reclassified subsequently to profit or loss			
- Actuarial Gains / (Losses) related with post-employment benefit plans	14	449.000	-
Comprehensive income of the year		<u>(1.522.353)</u>	<u>(2.124.189)</u>

The notes form part of the income statement of the year ended on 31 December 2014



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1. INTRODUCTION

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

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

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

The financial statements were approved by the Board of Directors on 17th April 2015.

2. ACCOUNTING REFERENCES FOR PREPARING THE FINANCIAL STATEMENTS

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

Since 1 January 2005, the consolidated financial statements of Estoril Sol, S.G.P.S. S.A. have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. For this reason, the equity on 31 December 2013 and 2012, as well as the net profits of the years ended on these dates that appear in the consolidated financial statements of the Estoril Sol Group differ from the figures presented in the individual financial statements.

3. MAIN ACCOUNTING POLICIES

3.1 Bases of presentation

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

3.2 Financial investments

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

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

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

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

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

3.3 Tangible fixed assets

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

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

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

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

<u>Homogenous Class</u>	<u>Years</u>
Vehicles	3 - 4
Office equipment	3 - 10

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

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

3.4 Leasing

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

Leasing where the Company acts as lessee

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

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

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

3.5 Impairment of tangible fixed assets and shareholdings

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

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

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

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

3.6 Accrual accounting

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

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

3.7 Income tax

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

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

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

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

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

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

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

The Estoril Sol is covered by the Special System for Taxation of Groups of Companies ("SSTGC"), as established in articles 69 of the Portuguese Corporate Income Tax Code (CIRC) and covers all the companies in which it has a direct or indirect holding of at least 75% of the respective capital and which

are, at the same time, resident in Portugal and taxed under Corporation Tax (IRC). Under this regime the taxable profit of the group relating to each tax period is calculated by the controlling company (Estoril Sol, SGPS, SA), through the algebraic sum of taxable profits and tax losses obtained in the individual periodic statements for each of the companies belonging to the group. The amount obtained is adjusted for part of the profits distributed among group companies that is included in the individual taxable bases.

The following companies are part of this system:

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

During the year 2014 the subsidiary company Chão do Parque – Investimentos Imobiliários, S.A. was dissolved, as it had no longer any assets and did not engage any economic activity since the year 2010. This company left the tax perimeter (REGTS) of the Group Estoril-Sol. Previous tax losses arising from this company were lost in the total amount of 12.780 Euros.

3.8 Financial assets and liabilities

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

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

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

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

Financial assets and liabilities at cost or at amortised cost include:

Other accounts receivable
Cash and bank deposits
Financial debt
Suppliers
Other accounts payable

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

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

Cash and bank deposits

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

Impairment of financial assets

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

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

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

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

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

Derecognition of financial assets and liabilities

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

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

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

Provisions

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

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

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

Post-employment benefits

I - Defined benefit plans

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

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

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

Contingent liabilities

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

Contingent assets

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

3.10 Financial charges with financing obtained

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

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

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

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

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

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

3.12 Events after the balance sheet date

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

4 CASH FLOW

4.1. Cash and bank deposits

For the purposes of the cash flow statement, cash and cash equivalents includes cash, immediately available bank deposits (of less than or equal to three months) net of bank overdrafts. On 31 December 2014 and 31 of December 2013 the caption Cash and bank deposits is broken down as follows:

	<u>2014</u>	<u>2013</u>
Cash	1.833	5.000
Immediately available bank deposits	38.351	24.410
Other treasury applications	<u>40.445</u>	<u>43.608</u>
Cash and cash equivalents	<u>80.629</u>	<u>73.018</u>
Bank overdrafts (Note 15)	-	<u>(35.135)</u>
Cash and bank deposits	<u>80.629</u>	<u>37.883</u>

5. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

During the year ended on 31 December of 2014, there were no changes in accounting policies in relation to those used in the preparation and presentation of the financial statements of the year ended on 31 December 2013, nor were any material errors recognised relating to previous periods.



6. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2014 and 31 December 2013 the movement in tangible fixed assets, as well as in the respective depreciation and accumulated impairment losses, was the following:

2014			
	Vehicles	Office equipment	Total
Gross assets:			
Opening balance	86.621	1.745	88.366
Write-off	(86.621)	-	(86.621)
Closing balance	-	1.745	1.745
Depreciation and accumulated impairment losses:			
Opening balance	57.513	1.743	59.256
Depreciation of the year (Note 27)	6.687	2	6.689
Write-off	(64.200)	-	(64.200)
Closing balance	-	1.745	1.745
Net asstes	-	-	-
	Vehicles	Office equipment	Total
Gross assets:			
Opening balance	86.621	1.745	88.366
Closing balance	86.621	1.745	88.366
Depreciation and accumulated impairment losses:			
Opening balance	41.463	1.559	43.022
Depreciation of the year (Note 27)	16.050	184	16.234
Closing balance	57.513	1.743	59.256
Net asstes	29.108	2	29.110

7. SHAREHOLDINGS AND LOANS TO SUBSIDIARY COMPANIES

On 31 December 2014 and on 31 December 2013 the Company had the following shareholdings stated using the equity pick-up method:

Subsidiaries	Head Office	Assets	Liabilities	2014			2013		
				% held	Equity	Net Profit	% held	Equity	Net Profit
Estoril Sol (III) - Turismo, Animação e Jogo, S.A.	Estoril	172.866.811	85.654.238	100%	87.212.573	6.941.947	100%	88.693.543	9.470.310
Varzim Sol - Turismo, Jogo e Animação, S.A.	Póvoa de Varzim	58.648.027	37.232.427	100%	21.415.600	(7.147.441)	100%	29.431.971	(10.054.242)
Estoril Sol V - Investimentos Imobiliários, S.A.	Estoril	50	20.628	100%	(20.578)	(1.107)	100%	(19.471)	(1.066)
DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	Estoril	3.186.609	1.472.275	100%	1.714.334	(231.587)	100%	1.945.920	(4.746)
Estoril Sol Imobiliária, S.A.	Estoril	5.159.871	457.826	100%	4.702.045	(113.434)	100%	4.815.478	57.326
Estoril Sol - Investimentos Hoteleiros, S.A.	Estoril	9.053.364	2.460	90%	9.050.904	(2.460)	90%	9.053.364	(11.042)
Estoril Sol e Mar - Investimentos Imobiliários, S.A.	Estoril	1.398.861	19.371	100%	1.379.490	(52.972)	100%	1.432.463	(22.077)
Chão do Parque, Investimentos imobiliários, S.A.	Estoril	-	-	-	-	-	100%	(41.306)	(1.395)

During the year 2014 the subsidiary company Chão do Parque – Investimentos Imobiliários, S.A. was dissolved, as it had no longer any assets and did not engage any economic activity since the year 2010. No additional losses resulted from this operation to the Group Estoril-Sol.

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

	<u>2014</u>
Holdings in subsidiary companies	
Opening balance	135.372.737
Gains / Losses imputed from subsidiaries	(605.949)
Acquisitions / Capital increases / Repayments (1)	-
Dividends Distribution	(8.500.000)
Other variations in equity	(791.844)
Closing balance	<u>125.474.944</u>
	<u>2013</u>
Holdings in subsidiary companies	
Opening balance	139.654.071
Gains / Losses imputed from subsidiaries	(564.471)
Acquisitions / Capital increases / Repayments (1)	1.065.000
Dividends Distribution	(4.500.000)
Other variations in equity	(281.864)
Closing balance	<u>135.372.737</u>

During 2014 and 2013 the Company made capital increases in its subsidiaries and received additional capital payments that had been made in the past from its subsidiaries, as follows:

	<u>2014</u>	<u>2013</u>
Capital increase in Varzim-Sol:	-	1.065.000
Total (1)	<u>-</u>	<u>1.065.000</u>

During the year 2013 the subsidiary company Estoril Sol (III) – Turismo, Animação e Jogo, S.A handed out dividends amounting to 8,500,000 Euros related to the year ended 31st December 2013. (Notes 21 and 32)

8. OTHER NON-CURRENT ASSETS

On 31 December 2014 and on 31 December 2013 this caption was made up as follows:

	<u>2014</u>	<u>2013</u>
State and Public Sector	<u>22.241</u>	<u>42.322</u>
	<u>22.241</u>	<u>42.322</u>

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

9. INCOME TAX

The Company is subject to corporation income tax at the rate of 23% plus a Municipal Surcharge of 1.5% of taxable income, resulting in a maximum aggregate tax rate of 24.5%. In addition, taxable income for the year ended 31 December 2014 in excess of 1.500.000 Euros is subject to a State Surcharge under the terms of article 87-A of the Corporation Income Tax Code at the following rates:

- 3% for taxable profit between 1.500.000 Euros and 7.500.000 Euros;
- 5% for taxable profit between 7.500.000 Euros and 35.000.000 Euros (a*);
- 7% for taxable profit exceeding 35.000.000 Euros (b*);

(a*) When more than (euro) 7 500 000 until (euro) 35 000 000, is divided into two parts: one, equal to (euro) 6 000 000, which is subject to the rate of 3%; another, equal to the taxable income in excess of (euro) 7 500 000, which is subject to the rate of 5%;

(b*) When more than (euro) 35 500 000, is divided into three parts: one, equal to (euro) 6 000 000, which is subject to the rate of 3%; another, equal to (euro) 27 500 000, which is subject to the rate of 5%; and another, equal to the taxable income in excess of (euro) 35 000 000, which is subject to the rate of 7%;

In accordance with law nº82-B/2014 for the year beginning on the 01st January 2015 the income tax rate (IRC) will be 21%.

In addition, net finance costs for 2014 and following years are deductible for determining annual taxable income according with the greater of the following limits:

- 1.000.000 Euros;
- 60% of the profit before amortization and depreciation, net finance costs and taxes.

In accordance with legislation in force, the tax declarations are subject to revision and correction by the tax authorities during a period of four years (five years for the Social Security), except when there have been tax losses, tax benefits have been granted, or inspections, complaints or objections are under way, in which cases, depending on the circumstances, deadlines for filing such statements are extended or suspended. In this way, the Company's tax declarations of the years from 2011 to 2014 could still be subject to revision.

The Company is covered by the Special System for Taxation of Groups of Companies ("SSTGC"), which is defined in article 69 of the Corporate Income Tax Code and covers all the companies in which it has a direct or indirect holding of at least 75% of the respective capital and which are, at the same time, resident in Portugal and taxed under Corporation Tax (IRC). Under this regime the taxable profit of the group relating to each tax period is calculated by the controlling company (Estoril Sol, SGPS, SA), through the algebraic sum of taxable profits and tax losses obtained in the individual periodic statements for each of the companies belonging to the group. The amount obtained is adjusted for part of the profits distributed among group companies that is included in the individual taxable bases.

During the year 2014 the subsidiary company Chão do Parque – Investimentos Imobiliários, S.A. was dissolved, as it had no longer any assets and did not engage any economic activity since the year 2010. This company left the tax perimeter (REGTS) of the Group Estoril-Sol. Previous tax losses arising from this company were lost in the total amount of 12.780 Euros.

The following companies are part of this system (REGTS):

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

The cost with taxation on income on 31 December 2014 and on 31 December 2013 is broken down as follows:

	2014	2013
Pre-tax profit	(1.931.727)	(2.074.189)
Other companies included in the SSTGC	(401.559)	17.000
	<u>(2.333.286)</u>	<u>(2.057.189)</u>
Non-deductible expenses		
Losses in subsidiaries, equity pick-up	7.549.001	10.094.567
Other non-deductible expenses	3.855	11.178
	<u>7.552.856</u>	<u>10.105.745</u>
Non-taxable income		
Gains in subsidiaries, equity pick-up	(6.941.945)	(9.527.635)
Other non-taxable income	(21.987)	(165.720)
	<u>(6.963.932)</u>	<u>(9.693.355)</u>
Result for tax purposes	<u>(1.744.362)</u>	<u>(1.644.799)</u>
Cost of income tax calculated at the rate of 26,5%	-	-
Autonomous taxation	39.626	50.000
Income tax - current	39.626	50.000
Income tax - deferred	-	-
Income tax of the year	<u>39.626</u>	<u>50.000</u>

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

In accordance with current legislation tax losses can be carried forward during a period five years (six years for losses incurred up to 2009 and four years for losses incurred in 2010 and 2011) after their occurrence for deduction from taxable income generated in that period, limited to 70% of the Group's taxable income in each year, applicable also to tax losses incurred in prior years.

On 31 December 2014 and 2013 the reportable tax losses amounted, respectively, to 12.817.568 Euros and 14.153.222 Euros, which were generated as follows:



	<u>2.014</u>		<u>2.013</u>
Generated in :			
- year 2009	1.905.907	- year 2008	3.725.766
- year 2010	4.192.950	- year 2009	1.909.671
- year 2011	2.272.057	- year 2010	4.197.557
- year 2012	1.108.887	- year 2011	1.566.543
- year 2012	1.593.404	- year 2012	1.108.886
- year 2014	1.744.362	- year 2013	1.644.799
	<u>12.817.567</u>		<u>14.153.222</u>

10. DEFERRED ASSETS

On 31 December 2014 and on 31 December 2013 the caption "Deferrals" is broken down as follows:

<u>Deferred assets</u>	<u>2014</u>	<u>2013</u>
Financial expenses	15.129	-
Insurance	500	506
	<u>15.629</u>	<u>506</u>

11. CAPITAL

On 31 December of 2014 and 2013, the share capital of the Company was represented by 11,993,684 shares, of which 6,116,779 is in registered shares and 5,876,905 in bearer shares, with a nominal unit value of 5 Euros, which grant the right to a dividend.

The share capital issued by the Company on 31 December 2014 and on 31 December 2013 is broken down as follows:

	<u>2014</u>	<u>2013</u>
Share capital	59.968.420	59.968.420
Treasury shares	(708.306)	(708.306)
Issue premiums	7.820.769	7.820.769
	<u>67.080.883</u>	<u>67.080.883</u>

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

<u>Date</u>	<u>Nominal value</u>	<u>No. of shares</u>
31st December de 2014		
Registered	5	6.116.779
Bearer	5	5.876.905
		<u>11.993.684</u>
31st December de 2013		
Registered	5	6.116.779
Bearer	5	5.876.905
		<u>11.993.684</u>

The treasury shares were acquired by the Company as follows:

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

Legal persons with a stake of over 20% in the share capital on 31 December of 2014 and 2013:

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

12. RESERVES

During the years ended on 31 December of 2014 and on 31 December of 2013, the movement in reserves was as follows:

	<u>Legal reserve</u>	<u>Other reserves and Retained earnings</u>	<u>Other variations on Equity</u>
Amount on 1-1-2013	6.614.782	3.077.224	20.706.185
Application of the net profit of the year ended on 31 de Dezembro de 2012	-	(6.285.442)	-
Adjustments related with financial assets with the equity pick-up method	-	-	(281.864)
Amount on 31-12-2013	6.614.782	(3.208.218)	20.424.321
Application of the net profit of the year ended on 31 de Dezembro de 2013	-	(2.124.189)	-
Other comprehensive income (OCI) year ended 31st-Dec-2014	-	449.000	-
Adjustments related with financial assets with the equity pick-up method	-	-	(791.844)
Amount on 31-12-2014	6.614.782	(4.883.407)	19.632.477

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

13. APPLICATION OF RESULTS AND DIVIDENDS

The application of the previous year's results during the years ended on 31 December of 2014 and 2013 was as follows:

	2014	2013
Legal reserve	-	-
Other reserves	(2.124.189)	(6.285.442)
Dividends	-	-
	<u>(2.124.189)</u>	<u>(6.285.442)</u>

The results for the year ended December 31st, 2013, negative by -2.124.189 Euros, has been fully transferred to "Other reserves" as decided by the General Meeting of Shareholders dated May 21st, 2014.

The results for the year ended December 31st, 2012, negative by -6.285.442 Euros, has been fully transferred to "Other reserves" as decided by the General Meeting of Shareholders dated May 21st, 2013.

14. PROVISIONS

The movement in provisions in the years ended on 31 December 2014 and on 31 December 2013 was as follows:

	2014				Closing balance
	Opening balance	Increases	Reversals	Write-off	
Provisions for pensions (Note 23)	3.672.252	225.000	(449.000)	(59.856)	3.388.396
Provisions for other risks and charges	300.682	-	-	-	300.682
Losses in subsidiaries	60.777	1.107	(41.306)	-	20.578
	<u>4.033.711</u>	<u>226.107</u>	<u>(490.306)</u>	<u>(59.856)</u>	<u>3.709.656</u>

	2013				Closing balance
	Opening balance	Increases	Reversals	Write-off	
Provisions for pensions	3.527.000	250.000	-	(104.748)	3.672.252
Provisions for other risks and charges	447.072	-	(146.390)	-	300.682
Losses in subsidiaries	58.316	2.461	-	-	60.777
	<u>4.032.388</u>	<u>252.461</u>	<u>(146.390)</u>	<u>(104.748)</u>	<u>4.033.711</u>

Provisions for other risks and charges

The provision for other risks and charges is intended to cover estimated liabilities based on information from juridical and legal consultants, arising from lawsuits filed against the Company.

During the year 2014 there were no new situation requiring strengthening this provision,

The Company had following provisions as at 31st December 2014:

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

- A provision of 21,257 Euros related with fiscal lawsuits.

Provisions for pensions / Post-employment benefits

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

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

The most recent actuarial study of the assets of the plan and of the present value of the defined benefit obligations was carried out in December of 2014 by a specialised entity accredited for the purpose. The present value of the obligation concerning defined benefits and the cost of current services and of related past services were measured using the projected unit credit method.

The main assumptions made in the actuarial evaluation mentioned above were the following:

	<u>2014</u>	<u>2013</u>
Discount rate	2%	3,00%
rate of growth of pensions	0,00% p.a.	0,00% p.a.
Mortality table		
- Before retirement	n.a.	n.a.
- After retirement	GKF95	GKF95
Invalidity table	n.a.	n.a.
Table of departures	n.a.	n.a.
Retirement age	Age on 1st january 2015	

The actuarial study resulted the following:

- an increase of 225,000 Euros which reflects the cost charged to the current year associated with post-employment benefits to be paid after December 31st, 2014;
- a reversal (net effect) of 449,000 Euros resulting from experience gains in terms of population and assumption changes, discount rate, as shown above. This reversal was offset a gain in terms of equity accounts, in accordance with the accounting standards applied by the company, IFRS 28 and IAS 19 (Statement of comprehensive income).
- The value entered in the "Write-off" column in the amount of 59.856 Euros is the amount of disbursements made on behalf of current pension beneficiaries.

15. FINANCIAL DEBT

The financial debt on 31 December of 2014 and on 31 December of 2013 is broken down as follows:

Nature of the financing	2014				
	Opening balance	Issues	Repayments	Transfer	Closing balance
Non-Current financing:					
- Bank loans	-	-	-	-	-
- Finance leasing (Nota 16)	-	-	-	-	-
	-	-	-	-	-
Current financing:					
- Bank loans	-	-	-	-	-
- Current accounts	5.152.000	385.000	5.537.000	-	-
- Bank overdrafts (Nota 4)	35.135	-	35.135	-	-
- Finance leasing (Nota 16)	29.864	-	29.864	-	-
	5.216.999	385.000	5.601.999	-	-
	<u>5.216.999</u>	<u>385.000</u>	<u>5.601.999</u>	<u>-</u>	<u>-</u>
Nature of the financing	2013				
	Opening balance	Issues	Repayments	Transfer	Closing balance
Non-Current financing:					
- Bank loans	-	-	-	-	-
- Finance leasing (Nota 16)	29.864	-	-	(29.864)	-
	29.864	-	-	(29.864)	-
Current financing:					
- Bank loans	5.000.000	-	5.000.000	-	-
- Current accounts	6.000.000	-	848.000	-	5.152.000
- Bank overdrafts (Nota 4)	37.189	35.135	37.189	-	35.135
- Finance leasing (Nota 16)	16.316	-	16.316	29.864	29.864
	11.053.505	35.135	5.901.505	29.864	5.216.999
	<u>11.083.369</u>	<u>35.135</u>	<u>5.901.505</u>	<u>-</u>	<u>5.216.999</u>

The average interest rates for financing, borne by the Group, including commissions and other charges, come within an interval of between 4,74% and 6,5%, for the year ended 31st December 2014 as well as for the year ended 31st December 2013.

Some of the financing operations, mainly bank loans, include commitments to maintain certain financial ratios based on contractually negotiated limits (financial covenants).

These ratios are:

- Net Debt / Ebitda;
- Financial autonomy.

On the 31st December 2014 and 31st December 2013, these ratios were according the contractually negotiated limits.

16. LEASING

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

At 31st December 2014 and 2013 these contracts produce the following future liabilities for the Company:

	2014		
	(Note 15) Finance Leasing	Operational Leasing	Total
Up to 1 year	-	24.168	24.168
Between 1 year and 5 years	-	37.306	37.306
	<u>-</u>	<u>61.474</u>	<u>61.474</u>

	2013		
	(Note 15) Finance Leasing	Operational Leasing	Total
Up to 1 year	29.864	16.045	45.909
Between 1 year and 5 years	-	31.597	31.597
	<u>29.864</u>	<u>47.642</u>	<u>77.506</u>

17. OTHER ACCOUNTS PAYABLE

On 31 December 2014 and on 31 December 2013 the caption "Other accounts payable" is broken down as follows:

	2014	2013
Insurances	-	162.000
Charges with holidays to be paid	25.767	25.988
Financial charges to be paid	-	432
Specialised work - Fees	41.347	25.596
Other	56.416	69.089
	<u>123.530</u>	<u>283.105</u>

18. SUPPLIERS

On 31 December 2014 and on 31 December 2013 the caption of "Suppliers" is broken down as follows:

	2014	2013
Suppliers, current account	47.881	44.982
	<u>47.881</u>	<u>44.982</u>

19. STATE AND PUBLIC SECTOR

On 31 December 2014 and on 31 December 2013 the caption of “State and Public Sector” is broken down as follows:

	<u>2014</u>	<u>2013</u>
Current assets:		
Special Payment on Account (IRC)	27.500	21.000
	<u>27.500</u>	<u>21.000</u>
Current Liabilities:		
Corporate Income Tax	39.626	50.000
Social Security Contributions	5.160	10.473
Other taxation	3.565	10.636
	<u>48.351</u>	<u>71.109</u>

20. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

On 31 December 2014 and 31 December 2013 the Company had presented the following guarantees:

	<u>2014</u>	<u>2013</u>
For tax demands in hand / litigation	39.970	39.970
To current suppliers	-	1.225
	<u>39.970</u>	<u>41.195</u>

21. RELATED PARTIES

On 31 December 2014 and 31 December 2013 the Company had the following balances with related parties:

Related party	<u>2014</u>		<u>2013</u>	
	Current accounts receivable	Current accounts payable	Current accounts receivable	Current accounts payable
Holding company				
- Finansol - Sociedade de Controlo, SGPS, S.A.	4.487	-	2.875	-
Subsidiaries				
- Estoril Sol (III) - Turismo, Animação e Jogo, S.A.	2.050.000	26.452.070	-	25.971.483
- DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	1.457.699	-	1.227.849	-
- Estoril Sol Imobiliária, S.A.	-	3.275.554	-	3.348.856
- Estoril Sol - Investimentos Hoteleiros, S.A.	-	9.053.364	-	9.053.364
- Estoril Sol V - Investimentos Imobiliários, S.A.	19.521	-	19.521	-
- Estoril Sol e Mar - Investimentos Imobiliários, S.A.	18.070	-	12.283	-
- Chão do Parque, Investimentos imobiliários, S.A.	-	-	44.567	-
Impairment:				
- Estoril Sol V - Investimentos Imobiliários, S.A.	(19.521)	-	(19.521)	-
- Chão do Parque, Investimentos imobiliários, S.A.	-	-	(44.567)	-
	<u>3.530.256</u>	<u>38.780.988</u>	<u>1.243.007</u>	<u>38.373.703</u>

During the year 2014 the subsidiary company Chão do Parque – Investimentos Hoteleiros, S.A. was dissolved, as it had no longer any assets and did not engage any economic activity since the year 2010. No additional losses resulted from this operation to the Group Estoril-Sol.

In the years ended on 31 December 2014 and 2013 there were no transactions between related parties

22. EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" in the years ended on 31 December 2014 and on 31 December 2013 is broken down as follows:

	<u>2014</u>	<u>2013</u>
Specialised work	322.817	329.690
Representation expenses	127.412	30.690
Fees	18.842	43.442
Conservation and repairs	559	5.711
Energy and other fluids	8.670	22.873
Rents	26.323	35.619
Communication	4.127	10.458
Travel and hotels	1.142	2.792
Insurance	164.820	165.684
Other	474	1.868
	<u>675.186</u>	<u>648.827</u>

23. STAFF COSTS

The caption "Staff Costs" in the years ended on 31 December 2014 and on 31 December 2013 is broken down as follows:

	<u>2014</u>	<u>2013</u>
Remuneration of the Corporate Offices (Note 24)	161.000	218.140
Charges on remuneration	46.815	49.756
Estimate for pensions (Note 14)	225.000	250.000
Insurance	2.034	509
Cost of social action	2.942	4.449
Other - Company secretary	6.000	-
	<u>443.791</u>	<u>522.854</u>

During the year 2013 the Company undertook a small restructuring in Group administrative services. Since January 2013 the staff costs are composed only by costs related to elements belonging to the governing bodies of the company.

24. REMUNERATION OF THE CORPORATE OFFICES

The remuneration of the Corporate Offices of the Company in the years ended on 31 December 2014 and 31 December 2013 is broken down as follows (Note 23):

<u>Remuneration</u>	<u>2014</u>	<u>2013</u>
Board of Directors	105.000	141.825
Audit Board	56.000	56.000
Advisory Board	-	20.315
	<u>161.000</u>	<u>218.140</u>

25. OTHER INCOME AND GAINS

The caption "Other income and gains" in the years ended on 31 December 2014 and on 31 December 2013 is broken down as follows:

	<u>2014</u>	<u>2013</u>
Other income and gains:		
- Other supplementary income	-	53.563
- Excess of Tax Estimate (IRC)	21.987	19.332
- Other Taxes reimbursement	-	84.227
- Prior years corrections	2.483	-
	<u>24.471</u>	<u>157.122</u>

26. OTHER EXPENSES AND LOSSES

The caption "Other expenses and losses" in the years ended on 31 December 2014 and on 31 December 2013 is broken down as follows:

	<u>2014</u>	<u>2013</u>
Other taxation and rates	11.672	50.875
Membership fees	2.000	2.000
Sundries	55.867	53.656
	<u>69.538</u>	<u>106.531</u>

27. DEPRECIATION

The caption "Expenses / reversals of depreciation and of amortization" in the years ended on 31 December 2014 and on 31 December and 2013 is broken down as follows:

	<u>2014</u>	<u>2013</u>
Tangible fixed assets (Note 6)	6.688	16.234
	<u>6.688</u>	<u>16.234</u>

28. INTEREST AND SIMILAR COSTS BORNE

The costs and losses of financing recognised in the years ended on 31 December 2014 and 31 December 2013 is broken down as follows:

	<u>2014</u>	<u>2013</u>
Interest borne:		
Bank financing	98.028	485.847
Finance and operational leasing	6.604	11.207
	104.632	497.054
Other financing costs:		
Comissions and similar charges	86.062	5.804
Other financial costs	4.367	1.982
	<u>195.061</u>	<u>504.840</u>

29. MANAGEMENT OF FINANCIAL RISKS

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

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

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

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

Liquidity risk:

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

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

Interest rate risk

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

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

If the market interest rates had been 1% higher during the years ended on 31 December 2014 and 2013, the financial costs of those years would have increased by approximately 25,000 Euros and 80,000 Euros, respectively.

30. RESULT PER SHARE

The result per basic share of the years ended on 31 December 2014 and on 31 December 2013 was determined as follows:

	<u>2014</u>	<u>2013</u>
Net profit of the year	(1.971.353)	(2.124.189)
Average weighted number of shares in circulation	11.931.119	11.931.119
Result per basic share	<u>(0,17)</u>	<u>(0,18)</u>

Due to the fact that there are no situations that cause dilution, the net result per diluted share is the same as the net result per basic share.

31. OTHER DISCLOSURES REQUIRED BY LEGAL DIPLOMAS

The Official Auditor's fees in 2014 and 2013 were 21,000 Euros, for both years, and relate exclusively to the work of the legal review and audit of accounts.

32. EVENTS AFTER THE BALANCE SHEET DATE

Between the 31st of December 2014 and the date of this report, no relevant facts occurred that could materially affect the financial position and the future results of Estoril-Sol,SGPS, S.A. and the other Companies of the Group, in addition to the reported below:

- During the month of March 2015 the Company received the amount of 2,050,000 Euros recorded in the caption "Related Parties" (Note 21 of the Notes to the financial statements), from its subsidiary Estoril Sol (III) - Turismo, Animação e Jogo, SA. This amount is a part of total the amount of 8,500,000 million Euros related with dividends from the year ended December 31, 2013 (Note 7 to the financial statements) which on that date, December 31st, 2014, were still to settle. The receipt of this amount occurred in March 2015, with the prior consent of the Company, the sole shareholder of Estoril-Sol (III) - Turismo, Animação e Jogo, SA and lender of the entire budget. By the time of approval of these accounts this amount (2,050,000€) is already received and Company has no longer any credit to be received from its subsidiary companies related with dividends from previous years.
- During the month of March 2015 the Company made additional capital payments (supplementary capital) in cash in its subsidiary company Varzim-Sol – Turismo, Jogo e Animação,S.A. in the total amount of 2,050,000 Euros, in order to strengthen the subsidiary company capital structure, in compliance with article 17º of Decree-Law 422/89 (Portuguese Game Law). Following this operation the Company holds in its subsidiary companies “supplementary capital” in the total amount of 31,465,000 Euros , of which 26,465,000 Euros in Varzim-Sol – Turismo, Jogo e Animação, S.A. and the remaining 5,000,000 Euros in Estoril-Sol (III) – Turismo, Animação e Jogo, S.A.



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CONSOLIDATED FINANCIAL STATEMENTS
AND
NOTES TO THE ACCOUNTS

ESTORIL SOL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION ON DECEMBER 31st, 2014 And 2013

(Amounts in Euros)

ASSETS	Notes	Dec - 14	Dec - 13
NON-CURRENT ASSETS:			
Tangible fixed assets			
Reversible to the State	15	53.813.029	58.623.043
Not reversible to the State	15	60.158.213	62.824.203
Tax deductions on investments	16	(19.632.477)	(20.424.322)
Total non-current assets		<u>94.338.765</u>	<u>101.022.924</u>
Intangible assets	17	78.393.135	89.672.584
Investment properties	18	209.897	215.449
Other non current assets	19	24.541	960.778
		<u>172.966.338</u>	<u>191.871.735</u>
CURRENT ASSETS:			
Inventories	20	6.768.436	6.773.006
Accounts receivable - trade	21	409.769	264.496
Other accounts receivable	22	1.051.218	1.014.433
Cash and cash equivalents	23	10.045.442	9.743.423
Total current assets		<u>18.274.865</u>	<u>17.795.358</u>
Total assets		<u>191.241.203</u>	<u>209.667.092</u>
EQUITY and LIABILITIES			
EQUITY:			
Capital	24	59.968.420	59.968.420
Treasury shares	24	(708.306)	(708.306)
Issue premiums	24	7.820.769	7.820.769
Legal Reserves		6.614.782	6.614.782
Other Reserves and Retained earnings		(5.528.891)	(5.088.770)
Consolidated net profit		(1.736.283)	(889.120)
Total equity		<u>66.430.491</u>	<u>67.717.775</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Financial debt	25	8.948.862	6.840.884
Other accounts payable	28	3.734.424	-
Provisions	27	6.466.592	6.957.251
Total non-current liabilities		<u>19.149.878</u>	<u>13.798.135</u>
CURRENT LIABILITIES:			
Financial debt	25	75.045.853	93.028.746
Other accounts payable	28	30.614.981	35.122.435
Total current liabilities		<u>105.660.834</u>	<u>128.151.181</u>
Total liabilities		<u>124.810.711</u>	<u>141.949.316</u>
Total equity and liabilities		<u>191.241.203</u>	<u>209.667.092</u>

The notes form an integral part of these financial statements

ESTORIL-SOL, SGPS, S.A.

CONSOLIDATED INCOME STATEMENT

OF THE YEARS ENDED ON 31st DECEMBER, 2014 AND 2013

(Amounts in Euros)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>REVENUE:</u>			
Gaming revenues	6	168.229.361	173.564.334
Gaming taxes	6	<u>(89.746.720)</u>	<u>(92.463.947)</u>
		78.482.641	81.100.387
Other operating revenue	6	<u>7.491.674</u>	<u>6.584.756</u>
		<u>85.974.315</u>	<u>87.685.143</u>
<u>OPERATING EXPENSES:</u>			
Cost of sales	7	(2.485.556)	(2.313.221)
Supplies and external services	8	(24.533.898)	(22.749.111)
Wages and salaries	9	(30.560.844)	(32.048.840)
Depreciation and amortization	10	(20.953.672)	(20.227.291)
Impairments - accounts receivable ((increases) / reversals)		69.422	(214.061)
Provisions ((increases) / reversals)	27	140.777	(355.808)
Impairment of non-depreciable / amortizable investments	11	(3.163)	(1.582)
Other indirect taxes	12	(391.385)	(482.127)
Other operating expenses	12	<u>(2.227.422)</u>	<u>(2.222.614)</u>
Total operating expenses		<u>(80.945.741)</u>	<u>(80.614.655)</u>
Income before financial results and taxes		<u>5.028.574</u>	<u>7.070.488</u>
<u>FINANCIAL (LOSSES) AND GAINS:</u>			
Financial losses	13	(6.593.720)	(7.906.472)
Financial gains	13	26.990	76.336
		<u>(6.566.730)</u>	<u>(7.830.136)</u>
Income before taxes		<u>(1.538.156)</u>	<u>(759.647)</u>
Income taxes	14	(198.126)	(129.473)
CONSOLIDATED NET INCOME	5	<u>(1.736.283)</u>	<u>(889.120)</u>
Attributable to:			
Equity holders of the parent		<u>(1.736.283)</u>	<u>(889.120)</u>
Net result per share	31	<u>(0,15)</u>	<u>(0,07)</u>

The notes form an integral part of these financial statements

Estoril Sol, SGPS, S.A.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

OF THE YEARS ENDED ON 31st DECEMBER 2014 AND 2013

(Amounts in Euros)

	Notes	2014	2013
Consolidated net result of the year	5	(1.736.283)	(889.120)
Components of other comprehensive income (OCI):			
Items that will never be reclassified subsequently to profit or loss			
- Actuarial Gains / (Losses) related with post-employment benefit plans	27	449.000	-
Consolidated comprehensive income of the year		<u>(1.287.283)</u>	<u>(889.120)</u>
Attributable to:			
Equity holders of the parent		<u>(1.287.283)</u>	<u>(889.120)</u>

The notes form part of the income statement of the year ended on 31 December 2014

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY



ESTORIL-SOL_SGSPS, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31st DECEMBER 2014 AND 2013

(Amounts in Euros)

	Share Capital	Treasury Shares	Issue Premiums	Legal Reserve	Other Reserves and Retained Earnings	Consolidated net result of the year	Total Equity
Balance at 01 January 2013	59.968.420	(708.306)	7.820.769	6.614.782	3.897.385	(8.986.155)	68.606.895
Application of the net profit of the year ended 31 December 2012	-	-	-	-	(8.986.155)	8.986.155	-
Consolidated Other Comprehensive Income (OCI) of the year ended 31st December 2013	-	-	-	-	-	(889.120)	(889.120)
Balance at 31st December 2013	59.968.420	(708.306)	7.820.769	6.614.782	(5.088.770)	(889.120)	67.717.775
Balance at 01 January 2014	59.968.420	(708.306)	7.820.769	6.614.782	(5.088.770)	(889.120)	67.717.775
Application of the net profit of the year ended 31 December 2013	-	-	-	-	(889.120)	889.120	-
Consolidated Other Comprehensive Income (OCI) of the year ended 31st December 2014	-	-	-	-	449.000	(1.736.283)	(1.287.283)
Balance at 31st December 2014	59.968.420	(708.306)	7.820.769	6.614.782	(5.528.891)	(1.736.283)	66.430.491

The notes form an integral part of these financial statements

ESTORIL-SOL, SGPS,S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR YEARS ENDED 31st DECEMBER 2014 AND 2013

(Amounts in Euros)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>OPERATING ACTIVITIES:</u>			
Receipts from clients		172.514.459	177.595.282
Payments to suppliers		(27.754.584)	(24.113.290)
Payments to staff		(26.657.795)	(27.271.317)
Cash flow generated by operations		118.102.080	126.210.675
Payment of income tax		(74.153)	(104.691)
Payment of Special Gaming tax		(83.009.496)	(89.630.828)
Other payments relating to the operating activity		(5.287.761)	(5.379.070)
Cash flow from operating activities (1)		<u>29.730.671</u>	<u>31.096.086</u>
<u>INVESTING ACTIVITIES:</u>			
Receipts from:			
Interest and similar income		26.989	66.899
		<u>26.989</u>	<u>66.899</u>
Payments in respect of:			
Tangible fixed assets		(6.778.704)	(3.220.451)
		<u>(6.778.704)</u>	<u>(3.220.451)</u>
Cash flow from investment activities (2)		<u>(6.751.715)</u>	<u>(3.153.552)</u>
<u>FINANCING ACTIVITIES:</u>			
Receipts from:			
Bank loans obtained		445.893.335	478.539.052
		<u>445.893.335</u>	<u>478.539.052</u>
Payments in respect of:			
Bank loans repaid		(461.796.181)	(498.269.285)
Interest and similar costs		(6.638.709)	(8.182.390)
Amortization of finance leasing contracts		(51.857)	(32.406)
		<u>(468.486.746)</u>	<u>(506.484.081)</u>
Cash flow from financing activities (3)		<u>(22.593.411)</u>	<u>(27.945.029)</u>
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		385.545	(2.495)
Cash and cash equivalents at the start of the period	23	9.654.693	9.657.188
Cash and cash equivalents at the end of the period	23	10.040.238	9.654.693

The notes form an integral part of these financial statements



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1. INTRODUCTION

The Estoril Sol Group, through its subsidiary and associated companies (Note 4), conducts business in gaming, the restaurant sector, entertainment and also real estate.

Estoril Sol, S.G.P.S, S.A. is the Holding Company of the Estoril Sol Group ("Group") and the shares representing its share capital are admitted for trading on a regulated market - the Euronext – as such, on 1 January 2005 it was obliged to prepare Consolidated Accounts pursuant to article 3 of Regulation (EC) no. 1606/2002, of the European Parliament and of the Council, of 19 July, following the Portuguese government's publication of Decree Law no. 35/2005, article 11.

The individual accounts of each company of the group reported at 31 December 2013 were prepared within the framework of the provisions in force in Portugal, effective for years starting on 1 January 2010, in conformity with Decree-Law no. 158/2009, of 13 July, and in accordance with the conceptual structure, Accounting Standards and Financial Reporting ("NCRF") and Interpretative Standards (IS) issued, respectively, in notifications 15652/2009, 15655/2009 and 15653/2009, of 27 August 2009, which, as a whole, form the Accounting Standards System ("SNC"), although the consolidated accounts relating to the same period were prepared in accordance with the "International Accounting Standards (IAS)" / "International Financial Reporting Standards" (IFRS).

2. MAIN ACCOUNTING POLICIES

2.1. Bases of presentation

The attached financial statements were prepared on the assumption of the continuity of operations, based on the books and accounting records of the companies included in the consolidation (Note 4), adjusted to comply with the provisions of the IAS/IFRS as adopted in the European Union, which include the International Accounting Standards ("IAS") issued by the International Standards Committee ("IASC"), the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and respective interpretations "IFRIC" issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"). Hereinafter, this set of standards and interpretations will be generally termed "IFRS".

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

Consequently, in compliance with the provisions of IAS 1, the Group declares that these consolidated financial statements and respective notes comply with the provisions of the IAS/IFRS as adopted by the European Union, in force for economic years starting on 1 January 2014.

2.2. Adoption of new or revised IAS/IFRS

The accounting policies adopted in the year ended on 31 December 2014 are consistent with those followed in the preparation of the Group's consolidated financial statements of the year ended on 31 December 2013 and referred to in the respective Notes.

The following standards, interpretations, amendments and revisions endorsed by the European Union are of mandatory application in the year ended 31 December 2014:

Standard / Interpretation	Applicable to years beginning on or after	Brief description
IFRS 10 – Consolidated Financial Statements	01-jan-14	This standard established the requirements relating to the presentation of consolidated financial statements of the parent company, replacing, for these matters, standard IAS 27 – Consolidated and Separate Financial Statements and SIC 12 – Consolidation – Special Purpose Entities. This standard also introduced new rules regarding the definition of control and determination of the consolidation perimeter.
IFRS 11 – Joint Arrangements	01-jan-14	This standard replaces IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly Controlled Entities – Non Monetary Contributions by Venturers, and eliminates the possibility of using the proportional consolidation method for recording interests in joint ventures.
IFRS 12 – Disclosures of Interests in Other Entities	01-jan-14	This standard establishes a new set of disclosures relating to participations in subsidiaries, joint agreements, associates and entities not consolidated.
IAS 27 – Separate financial statements (2011)	01-jan-14	This standard restricts the scope of application of IAS 27 to separate financial statements.
IAS 28 – Investments in Associates and Joint Ventures (2011)	01-jan-14	This amendment ensures consistency between IAS 28 – Investments in Associates and the new standards adopted, especially IFRS 11 – Joint Arrangements.
Amendment to standards: - IFRS 10 – Consolidated Financial Statements; - IFRS 12 – Disclosures of Interests in Other Entities (Investment Entities)	01-jan-14	This amendment introduced an exemption from the consolidation of certain entities that qualify for the definition of investment entities. It also establishes the rules for measuring investments held by these investment entities.
Amendment to IAS 32 – Compensation between financial assets and liabilities	01-jan-14	This amendment clarifies certain aspects of the standard relating to the application of the compensating requirements between financial assets and liabilities.
Amendment to IAS 36 - Impairment of assets (Disclosures relating to the recoverable amount of non-financial assets)	01-jan-14	This amendment eliminates the disclosure requirements of the recoverable amount of a cash generating unit with goodwill or intangibles of undefined useful life allocated to periods in which no impairment loss or impairment recovery is recognized. It introduces additional disclosure requirements for assets for which an impairment loss or reversal of impairment is recognized and their recoverable amount has been determined based on fair value less costs to sell.
Amendment to IAS 39 – Financial Instruments: Recognition and measurement (reformulation of derivatives and continuation of hedge accounting)	01-jan-14	This amendment permits the continued use of hedge accounting in certain circumstances when a derivative designated as a hedging instrument is reformulated.
IFRIC 21 – Levies	01-jan-14	This amendment establishes the conditions as to timing of the recognition of a liability relating to payment by an entity to the State as a result of a specific event (for example, participation in a specific market), without the payment having specific goods or services received in exchange.

The adoption of these standards interpretations, amendments and revisions did not have a significant effect on the Company's financial statements for the year ended 31 December 2014.

The following standards, interpretations, amendments and revisions applicable to future years have, to the date of approval of the accompanying financial statements, been endorsed by the European Union:

Standard / Interpretation	Applicable to years beginning on or after	Brief description
Improvements to international financial statement standards (2011-2013 cycle)	01-jan-15	These standards include clarification of some aspects relating to the standards IFRS 1 – First time Adoption of International Financial Reporting Standards, IFRS 3 – Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 – Investment Properties.

The Group did not early adopt any of these standards early in its consolidated financial statements for the year ended 31 December 2014. However, significant impact on the consolidated financial statements is not expected as a result of this adoption.

The following standards, interpretations, amendments and revisions applicable to future years have, to the date of approval of the accompanying financial statements, not been endorsed by the European Union:

Standard / Interpretation	Brief description
IFRS 9 – Financial Instruments (2009) and subsequent amendments	This standard is part of the IAS 39 revision project and establishes the requirements for classification and measurement of financial assets and liabilities and for application of the hedge accounting rules.
IFRS 15 – Revenue from Contracts with Customers	This standard introduces a framework for recognizing revenue based on principles supported by a model to be applied to all contracts entered into with clients.
Amendment to IFRS 11 – Joint Arrangements	This amendment clarifies that IFRS 3 must be applied when an investor acquires an interest in a jointly controlled entity when it consists of a business as defined by the standard. Application of IFRS 3 is required on the initial acquisition and subsequent acquisitions of interests.
Amendments to IAS 16 – Tangible Fixed Assets and IAS 38 – Intangible Assets	These amendments clarify the methods permitted for depreciation of tangible fixed assets and amortization of intangible assets.
Amendment to IAS 19 – Employee benefits	This amendment clarifies the circumstances under which employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits.
Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures (2011)	These amendments eliminate the conflict existing between the standards, relating to the sale or the contribution of assets between an investor and the associate or jointly controlled entity.
Amendment to IAS 27 – Separate Financial Statements (2011)	This amendment introduces the possibility of applying the equity method, to value investments in subsidiaries, associates and jointly controlled entities, in the separate financial statements of an entity that presents consolidated financial statements.
Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosures of interests in Other Entities and IAS 28 – Investments in Associates and Joint Ventures (2011)	These amendments clarify several aspects relating to the application of the consolidation exception by investment entities.
Amendment to IAS 1 – Presentation of Financial Statements	This amendment introduces a series of indications and guidelines aimed at improving and simplifying disclosures in the context of the current requirements of IFRS reporting.
Improvements to international financial statement standards (2010-2012 and 2012-2014 cycles)	These improvements involve the revision of several standards.

These standards have not yet been endorsed by the European Union and so have not been applied by the Group in the year ended 31 December 2014.

2.3. Principles of consolidation

The consolidation methods adopted by the Group are the following:

a) Controlled companies

Shareholdings in controlled companies, or rather, in which the Group holds, directly or indirectly more than 50% of the voting rights in a General Meeting of Shareholders or has the power to control their financial and operational policies (definition of control used by the Group), were included in these consolidated financial

statements by the purchase method of consolidation. The equity and net result of these companies corresponding to the participation of third parties therein, is presented separately in the consolidated statement of the financial position and in the consolidated income statement, respectively, in the “Minority interests” caption, which on the date of these financial statements had no value.

Companies included in the consolidation are indicated in Note 4.

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

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

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

2.4. Goodwill

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

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

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

2.5. Associate companies

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

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

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

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

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

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

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

2.6. Tangible fixed assets

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

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

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

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

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

<u>Concession</u>	<u>End of the concession</u>
Estoril and Lisbon Casino	2020
Póvoa Casino	2023

Other tangible fixed assets (“Tangible fixed assets non-revertible to the State”) are depreciated using the straight line method with duodecimal imputation during the following estimated useful lives:

<u>Homogenous class</u>	<u>Years</u>
Buildings and other constructions	20 - 50
Basic equipment	3 - 10
Vehicles	3 - 4
Office equipment	3 - 10
Other tangible fixed assets	3 - 10

Current maintenance and repair costs are recorded as a cost when incurred. Improvements are recorded as assets only in those cases concerning increased future economic benefits and which correspond to the replacement of goods, which are written down.

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

2.7. Finance and operational leasing

Leasing contracts are classified as finance leasing if, through these, all the risks and benefits inherent to ownership of the corresponding assets are substantially transferred to the lessee. Other leasing contracts are classified as operating leases. Leasing is classified according to the substance and not the form of the contract.

Leasing in which the Company acts as lessee

Assets acquired under finance lease contracts, as well as the corresponding responsibilities, are recorded at the start of the leasing for the lower value of either the fair value of the assets or the present value of the minimum leasing payments. The instalments include the financial cost and amortization of the capital, with financial costs being imputed in accordance with a constant periodic interest rate on the outstanding balance of the liability.

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

Contingent payments are recognised as expenses of the year in which they are incurred.

2.8. Intangible assets

Intangible assets essentially correspond to the premiums paid for the operating rights in the gaming areas of Estoril and Póvoa during the period that was negotiated with the Portuguese Government. The Estoril

gaming area includes Estoril Casino and Lisbon Casino, with operations at the latter having begun on 19 April 2006. These premiums are stated at acquisition cost less amortization and any accumulated impairment losses. Intangible assets are acknowledged only when it is likely that the Group will derive future economic benefits from them, and that they are both controllable and reliably measured.

Amortization is calculated using the straight line method, from the moment that the assets are available for use, according to the estimated useful life, with the end of the respective concessions being considered as follows:

<u>Concession</u>	<u>End date of the concession</u>
Estoril and Lisbon Casinos	2020
Póvoa Casino	2023

2.9. Impairment of non-current assets, excluding goodwill

Whenever there is any indicator that the Company's tangible fixed assets, intangible assets and investment properties could be impaired, an estimate is made of its recoverable value in order to determine the extent of the impairment loss (according to the case). When the recoverable value of an individual asset cannot be determine, the recoverable value of the cash generating unit to which this asset belongs is estimated.

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

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

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

2.10. Tax deductions by investment

Under the Gaming Concession Contracts, the Group has the right to annually deduct the following expenses from the gaming tax:

1. Losses from the operation of the Tamariz Bathing Complex, on the basis set forth by line c) of article 6 of Regulatory Decree 56/84;
2. Expenses pertaining to compliance with the obligations set forth under section 1 of article 5 of Decree Law no. 275/01, of 17 October;
3. Expenses with the purchase, renewal and replacement of gaming equipment, up to 50% of its value, pursuant to paragraph d) of article 6 of Regulatory Decree 56/84;

4. Expenses with projects for the execution of works for the modernizing and expanding of gaming equipment, for up to 50% of its value, pursuant to paragraph d) of article 6 of Regulatory Decree 56/84;
5. Expenses with the automation of the system used for issuing access cards leading to Game Rooms and for controlling revenues and internal television and surveillance circuits, the value of which amounts to 100% of such expenses, pursuant to paragraph e) of article 6 of Regulatory Decree 56/84.

Tax deductions representing the loses referred to under 1) and to the expenses mentioned under 2) are fully recorded in the Income Statement for the period to which they relate (Note 2.6);

2.11. Investment properties

Investment properties essentially consist of buildings held to obtain rents or for appreciation of the capital (or both), and are not intended for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of the business.

Investment properties are initially measured at cost (which includes transaction costs). Subsequently, investment properties are measured in accordance with the cost model.

Costs incurred related with investment properties in use, namely, maintenance, repairs, insurance and taxation on properties are recognised as a cost in the period that they relate to. Improvements in investment properties in relation to which there are expectations that they will generate additional future economic benefits are capitalised in the "Investment properties" caption.

Investment properties are depreciated in accordance with the straight line method with duodecimal imputation during the following estimated useful lives:

<u>Homogenous class</u>	<u>Years</u>
Buildings and other constructions (apartment)	50
Basic equipment (contents)	8

2.12. Inventories

Inventories are recorded at cost or net realizable value, whichever is lower. The net realizable value represents the estimated sale price less all the costs estimated and necessary to conclude the inventories and to make the sale.

The costing method of inventories adopted by the Company is the average cost.

2.13. Accrual accounting

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

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

Financial interest and income are recognised in accordance with the principle of accrual accounting and in accordance with the effective interest rate applicable.

2.14. Income tax

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

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

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

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

Deferred tax assets are recognised for temporary deductible differences, although this recognition only occurs when there are reasonable expectations of future tax profits that are sufficient for these deferred tax assets to be used. These deferred tax assets are revised on each reporting date, these being adjusted according to expectations regarding their future use.

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

Compensation between assets and deferred tax liabilities is only permitted when: (i) the Company has a legal right to compensate between these assets and liabilities for the purposes of liquidation; (ii) these assets and liabilities are related with income taxation raised by the same tax authority (i) and (iii) the Company intends to perform this compensation for the purposes of liquidation.

The Company is covered by the Special System for Taxation of Groups of Companies ("SSTGC"), as established in article 69 of the Portuguese Corporate Income Tax Code (CIRC) and covers all the companies in which it has a direct or indirect holding of at least 75% of the respective capital and which are, at the same time, resident in Portugal and taxed under Corporation Tax (IRC). Under this regime the taxable profit of the Group relating to each tax period is calculated by the controlling company (Estoril Sol,

SGPS, SA), through the algebraic sum of taxable profits and tax losses obtained in the individual periodic statements for each of the companies belonging to the group. The amount obtained is adjusted for part of the profits distributed among group companies that is included in the individual taxable bases.

The following companies are part of this system:

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

During the year 2014 the subsidiary company Chão do Parque – Investimentos Imobiliários, S.A. was dissolved, as it had no longer any assets and did not engage any economic activity since the year 2010. This company left the tax perimeter (REGTS) of the Group Estoril-Sol. Previous tax losses arising from this company were lost in the total amount of 12.780 Euros.

For other companies also included in the consolidation perimeter (Note 4), and whose main activity is the operation of games of fortune, namely: Estoril Sol (III) – Turismo, Animação e Jogo, S.A and Varzim Sol – Turismo, Jogo e Animação, S.A, there is no Corporate Tax (IRC). The activity of these two companies, in accordance with clause 7 of the Notice of the Ministry of the Economy, represented by the Inspectorate-General for Gaming, of 14 December 2001, published in the III Series of the *Diário da República* no. 27 of 01 February 2002, the concessionaire is obliged to pay a special tax for operating gaming activities, with no other general or local tax being payable relating to the exercise of this activity or any other which it is required to under this contract, with the respective collection and payment being performed pursuant to articles 84 and following of Decree Law no. 422/89.

2.15. Financial instruments

Customers and other accounts receivable

The debts of customers and of other third parties are entered at their nominal value less any impairment losses. Impairment losses correspond to the difference between the amount initially stated and the recoverable value, and are recognised in the statement of comprehensive income of the period in which they are estimated.

Cash and cash equivalents

The amounts included in the caption of cash and cash equivalents correspond to the amounts in cash, bank deposits and that which can be immediately moved with an insignificant risk of a change in value.

For the purposes of the cash flow statement, the caption of cash and cash equivalents also includes bank overdrafts included in the caption “Financing obtained”.

Other accounts payable

Accounts payable are entered at their nominal value, discounted by any interest calculated and recognised in accordance with the effective interest rate method.

Financing obtained

Loans are recognised initially for the value received, net of issuing expenses. In subsequent periods, loans are carried at amortised cost; any difference between the amounts received (net of issuing costs) and the value payable is recognised in the statement of comprehensive income during the period of the loans using the effective interest rate method.

Loans which fall due in less than twelve months are classified as current liabilities, unless the Group has the unconditional right to defer the settlement of the liabilities for more than twelve months after the date of the statement of the financial position.

2.16. Provisions, post-employment benefits, contingent liabilities and contingent assets

Provisions

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

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

Provisions are revised on the reporting date and are adjusted in order to reflect the best estimate on that date.

Post-employment benefits

I - Defined benefit plans

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

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

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

Contingent liabilities

Contingent liabilities are not recognised in the financial statements, being disclosed whenever the possibility of there being an outflow of resources including economic benefits is not remote.

Contingent assets

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

2.17. Income

Income is measured by the fair value of the counter-payment received or receivable.

Income from the provision of services is recognised with reference to the stage of completion of the transaction/service on the reporting date, provided that all the following conditions are met:

- The amount of the income can be reliably measured;
- It is probable that future economic benefits associated to the transaction will accrue for the Company;
- The costs incurred or to be incurred with the transaction can be reliably measured.

Income arising from the sale of assets is recognised when all the following conditions are met:

- All the risks and benefits associated to the ownership of the assets were transferred to the purchaser;
- The Company does not retain any control over the assets sold;
- The amount of the income can be reliably measured;
- It is probable that future economic benefits associated to the transaction will accrue for the Company;
- The costs incurred or to be incurred with the transaction can be reliably measured.

2.18. Financial charges with financing obtained

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

2.19. Assets and liabilities held for sale

Assets and liabilities held for sale (or discontinued operations and related groups of assets and liabilities) are measured at the lesser of the book value or respective sale value, less sale costs and are classified as being held for sale if the respective value is realizable through a sale transaction instead of through their continued use.

This situation is only considered to happen when: (i) the sale is highly probable and the asset is available for immediate sale in its current conditions; (ii) management is committed to a sale plan; and (iii) the sale is expected to take place within a period of 12 months.

2.20. Classification of the statement of the financial position

Assets realizable and liabilities required for payment within one year from the date of the statement of the financial position are classified, respectively, in assets and liabilities as current.

2.21. Subsequent events

Events which occur after the close date of the year and which provide additional information regarding conditions that existed on the close date of the year are reflected in the consolidated financial statements.

Events which occur after the close date of the year and which provide additional information regarding conditions that occur after the close date of the year are disclosed in the Notes to the consolidated financial statements, if material.

3. JUDGMENTS OF VALUE, CRITICAL ASSUMPTIONS AND MAIN SOURCES OF UNCERTAINTY ASSOCIATED TO ESTIMATES

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

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

During the year ended on 31 December of 2014, there were no changes in accounting policies in relation to those used in the preparation and presentation of the financial statements of the year ended on 31 December 2013, nor were any material errors recognised relating to previous periods.

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

- Analysis of the impairment of intangible assets;
- Impairment of accounts receivable;
- Impairment of inventories;
- Useful lives of tangible fixed assets;
- Record of provisions;
- Technical actuarial assumptions and bases.

4. COMPANIES INCLUDED IN THE CONSOLIDATION AND ASSOCIATE COMPANIES

4.1 Companies included in the consolidation

The companies included in the consolidation, their registered offices, the method of consolidation adopted and the proportion of the capital effectively held on 31 December 2014 and 2013 are the following:

Name	Head office	Method of Consolidation	Effective percentage of the capital held	
			Dec-14	Dec-13
Estoril-Sol, S.G.P.S., S.A.	Estoril	Integral	Holding. Co.	Holding. Co.
Estoril-Sol (III) - Turismo, Animação e Jogo, S.A.	Estoril	Integral	100	100
Varzim Sol - Turismo, Jogo e Animação, S.A.	Póvoa de Varzim	Integral	100	100
Estoril-Sol V - Investimentos Imobiliários, S.A.	Estoril	Integral	100	100
DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	Estoril	Integral	100	100
Estoril-Sol Imobiliária, S.A.	Estoril	Integral	100	100
Chão do Parque, Investimentos imobiliários, S.A.	Estoril	Integral	n/a	100
Estoril-Sol - Investimentos Hoteleiros, S.A.	Estoril	Integral	100	100
Estoril Sol e Mar - Investimentos Imobiliários, S.A.	Estoril	Integral	100	100

During the year 2014 the subsidiary company Chão do Parque – Investimentos Imobiliários, S.A. was dissolved, as it had no longer any assets and did not engage any economic activity since the year 2010. This company left the tax perimeter (REGTS) of the Group Estoril-Sol. Previous tax losses arising from this company were lost in the total amount of 12.780 Euros.

No additional losses resulted from this operation to the Group Estoril-Sol.

4.2 Associate companies

Estoril-Sol, SGPS, S.A. indirectly holds 33.33% of the company Parques do Tamariz, S.A., through Estoril Sol Imobiliária, S.A.

These holdings are presented at the value resulting from the equity pick-up method. Using this method, the financial statements include the part attributable to the Estoril Sol Group of the results recognised from the date on which the significant influence starts up to the date on which it effectively ends. Associate companies are entities in which the Estoril Sol Group has between 20% and 50% of the voting rights, or in which the Group has significant influence.

5. REPORTING BY SEGMENTS

The segments reportable by the Group are based on the identification of segments in line with the financial information that is reported internally to the Board of Directors and which supports the Board in its evaluation of the performance of the businesses and in taking decisions with regard to the allocation of the resources to be used. The segments identified by the Group for reporting by segments, are therefore consistent with the way in which the Board of Directors analyses its business, corresponding to the Estoril Gaming Concession the Estoril Casino and Lisbon Casino, Póvoa Casino and Others (essentially including the effect of the holding companies and of the other operating activities of the Group).

On 31 December 2014 and 2013, the information by business segment, is as follows:

	2014					
	Estoril Game Concession			Póvoa Casino	Other	Total
	Estoril Casino	Lisboa Casino	Sub-Total			
Net assets	50.657.299	84.541.518	135.198.817	49.903.126	6.139.260	191.241.203
Net liabilities	38.777.238	44.494.420	83.271.658	37.232.426	4.306.627	124.810.711
Result of the segment	(1.958.726)	8.900.673	6.941.947	(7.147.441)	(1.530.789)	(1.736.283)
Investment assets:						
- tangible fixed	3.170.187	1.484.826	4.655.013	1.314.447	-	5.969.460
- intangible	-	-	-	-	-	-
Average no. of staff	324	295	619	224	15	858

	2013					
	Estoril Game Concession			Póvoa Casino	Other	Total
	Estoril Casino	Lisboa Casino	Sub-Total			
Net assets	60.974.770	88.081.111	149.055.881	55.860.570	4.750.641	209.667.092
Net liabilities	46.674.398	50.472.021	97.146.419	35.042.428	9.760.469	141.949.316
Result of the segment	150.748	9.319.562	9.470.310	(9.054.242)	(1.305.188)	(889.120)
Investment assets:						
- tangible fixed	1.196.114	440.208	1.636.322	2.478.913	6.172	4.121.407
- intangible	-	-	-	-	-	-
Average no. of staff	314	285	599	244	15	858

6. OPERATING INCOME BY NATURE

The consolidated operating income, in the years ended on 31 December 2014 and 2013, is split in the following manner:

Nature	2014					
	Estoril Game Concession			Póvoa Game Concession	Other	Total
	Estoril Casino	Lisboa Casino	Sub-Total	Póvoa Casino		
Gaming revenues:						
- Slot Machines	43.866.538	61.176.905	105.043.443	31.122.905	-	136.166.348
- Table based gaming	13.943.305	12.092.093	26.035.398	6.100.504	-	32.135.902
- Progressive games prizes	(44.826)	(12.693)	(57.519)	(15.370)	-	(72.889)
	<u>57.765.017</u>	<u>73.256.305</u>	<u>131.021.322</u>	<u>37.208.039</u>	-	<u>168.229.361</u>
Gaming taxes:						
- Special Gaming Tax (current)	(28.904.922)	(36.634.499)	(65.539.421)	(18.611.705)	-	(84.151.125)
- Annual Gaming Tax (difference to minimum grant)	-	-	-	(5.595.595)	-	(5.595.595)
	<u>(28.904.922)</u>	<u>(36.634.499)</u>	<u>(65.539.421)</u>	<u>(24.207.300)</u>	-	<u>(89.746.720)</u>
Other operating revenues:						
- F&B and Entertainment	3.498.137	550.794	4.048.931	677.861	-	4.726.792
- Tax deductions - Entertainment	1.093.836	732.690	1.826.526	589.747	-	2.416.273
- Supplementary income	167.594	51.469	219.062	14.794	-	233.856
- Other	4.079	783	4.862	5.610	104.280	114.753
	<u>4.763.647</u>	<u>1.335.735</u>	<u>6.099.382</u>	<u>1.288.012</u>	<u>104.280</u>	<u>7.491.674</u>
	<u>33.623.742</u>	<u>37.957.541</u>	<u>71.581.283</u>	<u>14.288.752</u>	<u>104.280</u>	<u>85.974.315</u>

Nature	2013						
	Estoril Game Concession			Póvoa Game Concession		Other	Total
	Estoril Casino	Lisboa Casino	Sub-Total	Póvoa Casino			
Gaming revenues:							
- Slot Machines	45.283.743	61.960.317	107.244.060	30.683.707	-	137.927.767	
- Table based gaming	16.726.124	13.303.102	30.029.226	5.669.650	-	35.698.876	
- Progressive games prizes	(28.035)	(17.247)	(45.282)	(17.027)	-	(62.309)	
	<u>61.981.832</u>	<u>75.246.172</u>	<u>137.228.004</u>	<u>36.336.330</u>	-	<u>173.564.334</u>	
Gaming taxes:							
- Special Gaming Tax (current)	(31.004.934)	(37.631.710)	(68.636.643)	(18.176.679)	-	(86.813.322)	
- Annual Gaming Tax (difference to minimum grant)	-	-	-	(5.650.625)	-	(5.650.625)	
	<u>(31.004.934)</u>	<u>(37.631.710)</u>	<u>(68.636.643)</u>	<u>(23.827.304)</u>	-	<u>(92.463.947)</u>	
Other operating revenues:							
- F&B and Entertainment	3.385.415	557.201	3.942.616	632.491	-	4.575.107	
- Tax deductions - Entertainment	1.146.695	-	1.146.695	-	-	1.146.695	
- Supplementary income	465.522	26.372	491.894	38.375	-	530.269	
- Other	23.670	1.133	24.803	24.467	283.415	332.685	
	<u>5.021.303</u>	<u>584.706</u>	<u>5.606.008</u>	<u>695.333</u>	<u>283.415</u>	<u>6.584.756</u>	
	<u>35.998.201</u>	<u>38.199.168</u>	<u>74.197.369</u>	<u>13.204.360</u>	<u>283.415</u>	<u>87.685.143</u>	

Income from the segments comes from transactions with external customers. There are no transactions between segments. The accounting policies of each segment are the same as those of the Group.

Special Gaming Tax:

The Special Gaming Tax is applied to the net income from the gaming activity carried out by Estoril Sol (III) – Turismo, Animação e Jogo, S.A which currently runs the Estoril Casino and Lisbon Casino, and by Varzim Sol – Turismo, Jogo e Animação, S.A. which runs the Póvoa de Varzim Casino.

In accordance with clause 7 of the Notice of the Ministry of the Economy, represented by the Inspectorate-General for Gaming, of 14 December 2001, published in the III Series of the *Diário da República* no. 27 of 01 February 2002, the concessionaire is obliged to pay a special tax for operating gaming activities, with no other general or local tax being payable relating to the exercise of this activity or any other which it is required to under this contract, with the respective collection and payment being performed pursuant to articles 84 and following of Decree Law no. 422/89

In this regard, the activities undertaken by these companies are not subject to Corporate Tax (IRC).

Annual Gaming Tax (difference to minimum grant):

The Decree Law n.º 29/88 of 3 August, down in paragraph 1 of Article 3, the concessionaire is obliged to pay an annual payment amounting to 50% of the gross gaming revenues. This payment cannot be, under any circumstances, lower than the values in the table attached to that Decree Law.

The minimum annual contributions were established (prices of the year 2000) by Decree-Law No. 275/2001 of 14 December 2001, by the time the Concessions Contracts were extended by fifteen years more.

At the beginning of the year 2015 the Regulatory-Decree nº1/2015 of 21st January came to approve the split payment in installments of the annual minimum contributions calculated based on Decree-Law 275/2001, subject to prior approval from “Turismo de Portugal” of the payments schedule proposed by the Game Concessionaire Companies.

The Regulatory-Decree nº1/2015 was applied for the first the time to the amounts related to the year ended December 2014, which initially payment deadline was on January 31st, 2015.

The value of Casino da Póvoa minimum annual payment for the year 2014 at 2000 current prices, is 17.946.748 Euros. According to Article 4 of the Decree n^o 29/88 of 3rd August this value is updated based on the index of consumer prices for the mainland, excluding housing, published by the National Statistics Institute (INE), for the year to which the payment relates to. Following this update, the minimum annual payment for the year 2014 stood at 24.207.299 Euros.

In 2014 Casino da Póvoa gross gaming revenues amounted to 37.223.409 Euros. The 50% annual payment over gross gaming revenues represents 18,611,704 Euros, a figure lower than the minimum annual payment calculated pursuant to Decree-Law No. 275/2001. By that reason the Casino da Póvoa Concessionaire would have to pay to the state the remaining amount in the total of 5,595,595 Euros for the year 2014. (Note 28).

During the first quarter of 2013, after a unanimous vote taken at the headquarters of the Portuguese Association of Casinos, the operating companies from the Group Estoril-Sol, have filed lawsuits against the State in which they seek to be restored the financial balance of Gaming Concessions. Such a claim is founded, among other reasons, because the State, through its actions and omissions has given rise to changes in circumstances that were the basis for the negotiation of the gaming concessions. Of them highlights the fact that it was assumed for tax basis a continuing and significant increase of gaming revenue throughout the concession period. Despite not having checked this proposition due to the economic climate and as a result of the State attitude in relation to online gambling and illegal gambling, among others, it continued to require them to pay very high taxes, calculated on revenue that the Concessionaires did not obtain. Thus, remained no alternative to the Concessionaires that was not to challenge with the competent Administrative and Fiscal Courts the settlements of tax to which they were presented, and for that purpose submit the necessary judicial guarantees. However by the time of approval of this report, and although the Group has contested all tax assessments which have been submitted, they are, without exception, paid. The Group or any of its subsidiaries, by the time of approval of these financial statements (April 2015), do not have any overdue debt related with “Gaming tax” to the Portuguese State. (Note 28).

7. COST OF GOODS SOLD

In the years ended on 31 December 2014 and 2013, this caption is broken down as follows:

	2014			Total
	Goods	Finished and intermediate products	Raw materials and consumables	
Opening balance	3.264.197	3.176.352	332.456	6.773.005
Purchases	310	-	2.484.722	2.485.032
Adjustments	-	-	(4.047)	(4.047)
Closing balance	3.264.192	3.176.352	327.892	6.768.436
Cost of goods sold and materials consumed	315	-	2.485.239	2.485.556

	2013			Total
	Goods	Finished and intermediate products	Raw materials and consumables	
Opening balance	1.386.197	3.176.352	338.483	4.901.032
Purchases	-	-	2.281.722	2.281.722
Adjustments	1.878.000	-	25.472	1.903.472
Closing balance	3.264.197	3.176.352	332.456	6.773.005
Cost of goods sold and materials consumed	-	-	2.313.221	2.313.221

8. EXTERNAL SUPPLIES AND SERVICES

In the years ended on 31 December 2014 and 2013, external supplies and services were as follows:

	2014	2013
Gifts to customers	4.056.618	3.781.712
Energy and other fluids	2.842.765	2.855.978
Subcontracts	2.497.717	2.346.876
Cleaning and laundry	2.374.820	1.749.297
Royalties	2.335.011	2.258.224
Conservation and repairs	2.130.164	1.871.363
Specialized work	1.729.802	1.828.269
Surveillance and security	1.497.907	1.599.149
Rents	1.272.113	1.324.773
Advertising	1.150.088	717.109
Fees	631.982	686.493
Insurance	605.274	622.921
Communication	278.067	291.716
Travel and hotels	196.513	196.120
Other	935.057	619.110
	<u>24.533.898</u>	<u>22.749.111</u>

9. STAFF COSTS

In the years ended on 31 December 2014 and 2013, staff costs were as follows:

	2014	2013
Remuneration of corporate offices	2.886.296	3.341.498
Remuneration of staff	20.207.820	21.476.720
Indemnities	157.604	261.037
Charges on remuneration	5.298.913	4.993.265
Insurance	164.124	123.114
Social charges	952.494	1.010.107
Premiums for pensions	225.000	250.000
Other	668.594	593.099
	<u>30.560.844</u>	<u>32.048.840</u>

During the years ended on 31 December 2014 and 2013, the average number of staff in the service of the Group was 858 employees, for both years.

The fees of the Official Auditor exclusively referring to the legal revision and audit services of the accounts amounted to 70.100 Euros and 71.000 Euros, during 2014 and 2013, respectively.

10. DEPRECIATION AND AMORTIZATION

In the years ended on 31st December 2014 and 2013, the Group booked the following depreciations:

	<u>2014</u>	<u>2013</u>
Tangible fixed assets (Note 15)	13.345.178	11.873.707
Tax deductions on investments (Note 16)	<u>(3.676.504)</u>	<u>(3.008.339)</u>
Net	9.668.674	8.865.368
Intangible assets (Note 17)	11.279.449	11.356.372
Investment properties (Note 18)	<u>5.551</u>	<u>5.551</u>
	<u><u>20.953.672</u></u>	<u><u>20.227.291</u></u>

11. IMPAIRMENT OF NON-DEPRECIABLE / AMORTIZABLE INVESTMENTS

In the years ended on 31st December 2014 and 2013, the Group booked the following impairments over its non-depreciable/amortizable investments:

	<u>2014</u>	<u>2013</u>
Other treasury applications	<u>3.163</u>	<u>1.582</u>
	<u><u>3.163</u></u>	<u><u>1.582</u></u>

12. OTHER TAXATION AND OTHER OPERATING EXPENSES

In the years ended on 31 December 2014 and 2013, the captions of other taxation and other operating expenses were as follows:

	<u>2014</u>	<u>2013</u>
Other taxation and rates	<u>391.385</u>	<u>482.127</u>
Sub-total I (other taxation)	<u>391.385</u>	<u>482.127</u>
Sundries expenses	226.426	113.533
Offer of own goods and services	1.280.921	1.144.638
write-off of tangible fixed assets	56.061	370.159
Quotas	128.936	120.395
Losses in inventories	8.013	466
Donations	139.792	41.850
Other	<u>387.272</u>	<u>431.573</u>
Sub-total II (Other operating costs)	<u>2.227.422</u>	<u>2.222.614</u>
	<u><u>2.618.807</u></u>	<u><u>2.704.741</u></u>

13. NET FINANCIAL COSTS

Financial costs and income for the years ended on 31 December 2014 and 2013 is broken down as follows:

Financial Costs	2014	2013
Interest borne:		
Financing from banks	(4.783.548)	(5.977.449)
Finance and operating leasing	<u>(85.087)</u>	<u>(100.393)</u>
	(4.868.636)	(6.077.842)
Other financing costs:		
Comissions and similar charges	(1.315.209)	(1.269.929)
Other financial costs	<u>(409.876)</u>	<u>(558.701)</u>
	<u>(6.593.720)</u>	<u>(7.906.472)</u>
Financial Income	2013	2012
Interests from bank deposits	4	43.437
Exchange gains	16.361	14.417
Other	<u>10.625</u>	<u>18.482</u>
	26.990	76.336
Net financial costs	<u>(6.566.730)</u>	<u>(7.830.135)</u>

14. INCOME TAX OF THE YEAR

The Company is subject to corporation income tax at the rate of 23% plus a Municipal Surcharge of 1.5% of taxable income, resulting in a maximum aggregate tax rate of 24.5%. In addition, taxable income for the year ended 31 December 2014 in excess of 1.500.000 Euros is subject to a State Surcharge under the terms of article 87-A of the Corporation Income Tax Code at the following rates:

- 3% for taxable profit between 1.500.000 Euros and 7.500.000 Euros;
- 5% for taxable profit between 7.500.000 Euros and 35.000.000 Euros (a*);
- 7% for taxable profit exceeding 35.000.000 Euros (b*);

(a*) When more than (euro) 7 500 000 until (euro) 35 000 000, is divided into two parts: one, equal to (euro) 6 000 000, which is subject to the rate of 3%; another, equal to the taxable income in excess of (euro) 7 500 000, which is subject to the rate of 5%;

(b*) When more than (euro) 35 500 000, is divided into three parts: one, equal to (euro) 6 000 000, which is subject to the rate of 3%; another, equal to (euro) 27 500 000, which is subject to the rate of 5%; and another, equal to the taxable income in excess of (euro) 35 000 000, which is subject to the rate of 7%;

In addition, net finance costs for 2014 and following years are deductible for determining annual taxable income according with the greater of the following limits:

- 1.000.000 Euros;
- 30% of the profit before amortization and depreciation, net finance costs and taxes.

In accordance with legislation in force, the tax declarations are subject to revision and correction by the tax authorities during a period of four years (five years for the Social Security), except when there have been tax losses, tax benefits have been granted, or inspections, complaints or objections are under way, in which

cases, depending on the circumstances, deadlines for filing such statements are extended or suspended. In this way, the Company's tax declarations of the years from 2011 to 2014 could still be subject to revision.

The Company is covered by the Special System for Taxation of Groups of Companies ("SSTGC"), which is defined in article 69 of the Corporate Income Tax Code and covers all the companies in which it has a direct or indirect holding of at least 75% of the respective capital and which are, at the same time, resident in Portugal and taxed under Corporation Tax (IRC). Under this regime the taxable profit of the group relating to each tax period is calculated by the controlling company (Estoril Sol, SGPS, SA), through the algebraic sum of taxable profits and tax losses obtained in the individual periodic statements for each of the companies belonging to the group. The amount obtained is adjusted for part of the profits distributed among group companies that is included in the individual taxable bases.

During the year 2014 the subsidiary company Chão do Parque – Investimentos Imobiliários, S.A. was dissolved, as it had no longer any assets and did not engage any economic activity since the year 2010. This company left the tax perimeter (REGTS) of the Group Estoril-Sol. Previous tax losses arising from this company were lost in the total amount of 12.780 Euros.

The following companies are part of this system (REGTS):

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

The cost of taxation on income on 31 December 2014 and 2013 is broken down as follows:

	<u>2014</u>	<u>2013</u>
Pre-Tax Profit	(1.538.156)	(759.647)
Write-off of the Result of Companies exempt from IRC and subject to the Special Gaming Tax	46.994	(495.541)
Pre-Tax Profit of the Companies (REGTS)	<u>(1.491.162)</u>	<u>(1.255.188)</u>
Non-deductible costs		
Other non-deductible costs	<u>3.855</u>	<u>11.178</u>
	3.855	11.178
Non-taxable income		
Other non-taxable income	<u>(257.055)</u>	<u>(400.789)</u>
	(257.055)	(400.789)
Result for tax purposes	<u>(1.744.362)</u>	<u>(1.644.799)</u>
Costs with taxation on income calculated at the rate of 26.5%	-	-
Autonomous taxation	<u>198.126</u>	<u>129.473</u>
Income tax - current	198.126	129.473
Income tax - deferred	-	-
Income tax of the year	<u><u>198.126</u></u>	<u><u>129.473</u></u>

No deferred tax assets were reported in relation to the tax losses reportable, given that no tax profits are expected from the activities that generate these results and which would allow the such assets to be recovered.

In accordance with current legislation tax losses can be carried forward during a period five years (six years for losses incurred up to 2009 and four years for losses incurred in 2010 and 2011) after their occurrence for deduction from taxable income generated in that period, limited to 70% of the Group's taxable income in each year, applicable also to tax losses incurred in prior years.

On 31 December 2014 and 2013 the tax losses reportable amounted, respectively, to 12.817.568 Euros and 14.153.222 Euros, and were generated as follows:

	2.014		2.013
Generated in :			
- year 2009	1.905.907	- year 2008	3.725.766
- year 2010	4.192.950	- year 2009	1.909.671
- year 2011	2.272.057	- year 2010	4.197.557
- year 2012	1.108.887	- year 2011	1.566.543
- year 2012	1.593.404	- year 2012	1.108.886
- year 2014	1.744.362	- year 2013	1.644.799
	<u>12.817.567</u>		<u>14.153.222</u>

15. TANGIBLE FIXED ASSETS

During the years ended on 31 December 2014 and 2013, the movement in tangible assets, as well as in the respective depreciation and accumulated impairment losses, was as follows:

	2014							
	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross amount:								
Opening balance	16.513.836	198.191.878	108.585.853	224.740	3.909.865	82.292	1.360.297	328.868.761
Acquisitions	-	34.482	4.931.555	-	21.070	-	982.353	5.969.460
Disposals	-	-	-	-	-	-	-	-
Adjustments / Transfers	-	-	1.977.827	(71.375)	-	-	(1.977.827)	(71.375)
Write-off	-	(972.964)	(1.603.516)	(86.621)	(2.881)	-	-	(2.665.982)
Closing balance	<u>16.513.836</u>	<u>197.253.396</u>	<u>113.891.719</u>	<u>66.744</u>	<u>3.928.054</u>	<u>82.292</u>	<u>364.823</u>	<u>332.100.864</u>
Depreciation and accumulated impairment losses:								
Opening balance	-	114.501.693	89.328.070	131.688	3.380.595	79.469	-	207.421.515
Depreciation of the year	-	8.124.703	5.042.062	16.624	161.009	780	-	13.345.178
Disposals	-	-	-	-	-	-	-	-
Adjustments / Transfers	-	-	-	(48.636)	-	-	-	(48.636)
Write-off	-	(937.963)	(1.583.604)	(64.200)	(2.663)	-	-	(2.588.430)
Closing balance	<u>-</u>	<u>121.688.433</u>	<u>92.786.528</u>	<u>35.476</u>	<u>3.538.941</u>	<u>80.249</u>	<u>-</u>	<u>218.129.627</u>
Net amount	<u>16.513.836</u>	<u>75.564.963</u>	<u>21.105.191</u>	<u>31.268</u>	<u>389.113</u>	<u>2.043</u>	<u>364.823</u>	<u>113.971.237</u>

The caption "Land and natural resources" includes the land on which the Lisbon Casino is based. The caption "Buildings and other constructions" comprises mostly the amounts of the buildings where Estoril Casino, Lisbon Casino and Póvoa de Varzim Casino operate. The caption "Basic equipment" essentially reflects gaming equipment.

Under the concession contract for gambling or games of chance in the permanent gaming areas of Estoril part of the Company's tangible fixed assets are revertible to the Portuguese State.

In the case of Lisbon Casino only the tangible fixed assets referring to gaming equipment and which are therefore entered in the caption "Basic equipment" are revertible to the State. With regard to Estoril Casino and Póvoa de Varzim Casino, both the buildings and the gaming equipment are revertible to the State.

From total purchases for the year 2014 in the amount of 5.969.460 Euros, below the most relevant:

- 4.346.000 Euros – renewal of game equipment, 175 new slot machines for the following casinos: Casino de Lisboa (60 slot machines, total investment approx. 1,3 million Euros), Casino do Estoril (76 slot machines, total investment approx. 2 million Euros) and Casino da Póvoa (39 slot machines, total investment approx. 1 million Euros) . This new acquisitions were in accordance with the Group fixed assets investment plan. In the same period the Group made disposals of game equipment in the total amount of 1.047.000 Euros;
- 230.000 Euros in the acquisition and update of software belonging to the support and back office areas;
- 113.000 Euros in the acquisition of new equipment for the entertainment areas of Casino do Estoril;

Movement in tangible assets during the year ended December 31st, 2013:

2013								
	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross amount:								
Opening balance	16.513.836	185.273.286	111.901.093	216.310	3.899.466	82.292	13.641.485	331.527.768
Acquisitions	-	25.769	2.128.296	46.000	22.112	-	1.899.230	4.121.407
Disposals	-	-	-	(6.032)	-	-	-	(6.032)
Adjustments / Transfers	-	12.902.899	1.278.979	-	-	-	(14.180.418)	1.460
Write-off	-	(10.076)	(6.722.515)	(31.538)	(11.713)	-	-	(6.775.842)
Closing balance	16.513.836	198.191.878	108.585.853	224.740	3.909.865	82.292	1.360.297	328.868.761
Depreciation and accumulated impairment losses:								
Opening balance	-	107.439.320	91.120.942	125.050	3.180.318	78.622	-	201.944.252
Depreciation of the year	-	7.070.602	4.551.588	38.743	211.928	847	-	11.873.708
Disposals	-	-	-	(6.032)	-	-	-	(6.032)
Adjustments / Transfers	-	-	-	-	-	-	-	-
Write-off	-	(8.229)	(6.344.460)	(26.073)	(11.651)	-	-	(6.390.413)
Closing balance	-	114.501.693	89.328.070	131.688	3.380.595	79.469	-	207.421.515
Net amount	16.513.836	83.690.185	19.257.783	93.052	529.270	2.823	1.360.297	121.447.246

From total purchases for the year 2013 in the amount of 4.121.407 Euros, 1.360.297 Euros were still stated as "fixed assets in progress". Of these approximately 800.000 Euros referred to the acquisition of a new video surveillance system (CCTV) for the gaming areas of Casino de Estoril which began operating during 2014. The remaining related to gaming equipment for Estoril and Lisboa Casino which also began operating during 2014.

The acquisition of "Basic equipment" totalling 2.128.296 Euros, referred mostly to acquisition of new gaming machines and video surveillance systems (CCTV), as detailed below:

- 1.121.000 Euros; CCTV to Casino da Póvoa;
- 350.000 Euros; gaming machines to Casino da Póvoa;
- 150.000 Euros; gambling chips to Casino do Lisboa.

During the year 2013 the Group did equipment disposals (write-off) in the total amount of 6.775.842 Euros, as follows:

- 4.251.000 Euros; - gaming equipment (mainly gaming machines) from Casino do Estoril;
- 1.286.000 Euros; - gaming machines - Casino da Póvoa;
- 837.000 Euros; CCTV - Casino de Lisboa (replaced by new equipment during the year – see transfers from "Fixed assets in progress" - 1.200.000 Euros);

The division between tangible fixed assets that are non-revertible and revertible to the State in the years ended on 31 December 2014 and 31 December 2013 is presented below:

Tangible fixed assets revertible to the State

Year 2014 - Tangible fixed assets revertible to the State								
	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross amount:								
Opening balance	-	136.613.590	100.745.855	-	2.742.603	60.674	1.268.466	241.431.188
Acquisitions	-	34.482	4.833.811	-	4.299	-	784.709	5.657.301
Disposals	-	-	-	-	-	-	-	-
Adjustments / Transfers	-	-	1.905.293	-	-	-	(1.905.293)	-
Write-off	-	(972.964)	(1.548.742)	-	(1.039)	-	-	(2.522.745)
Closing balance	-	135.675.108	105.936.217	-	2.745.863	60.674	147.882	244.565.744
Depreciation and accumulated impairment losses:								
Opening balance	-	96.244.653	83.955.652	-	2.548.974	58.866	-	182.808.145
Depreciation of the year	-	5.823.164	4.526.868	-	61.631	722	-	10.412.385
Disposals	-	-	-	-	-	-	-	-
Adjustments / Transfers	-	-	-	-	-	-	-	-
Write-off	-	(937.963)	(1.528.830)	-	(1.022)	-	-	(2.467.815)
Closing balance	-	101.129.854	86.953.690	-	2.609.583	59.588	-	190.752.715
Net amount	-	34.545.254	18.982.527	-	136.280	1.086	147.882	53.813.029

Year 2013 - Tangible fixed assets revertible to the State								
	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross amount:								
Opening balance	-	123.694.998	104.070.545	-	2.742.849	60.674	13.625.146	244.194.212
Acquisitions	-	25.769	2.103.941	-	11.081	-	1.820.314	3.961.105
Disposals	-	-	-	-	-	-	-	-
Adjustments / Transfers	-	12.902.899	1.275.555	-	-	-	(14.176.994)	1.460
Write-off	-	(10.076)	(6.704.186)	-	(11.327)	-	-	(6.725.589)
Closing balance	-	136.613.590	100.745.855	-	2.742.603	60.674	1.268.466	241.431.188
Depreciation and accumulated impairment losses:								
Opening balance	-	91.588.337	86.377.588	-	2.462.229	58.076	-	180.486.230
Depreciation of the year	-	4.664.545	3.904.195	-	98.010	790	-	8.667.540
Disposals	-	-	-	-	-	-	-	-
Adjustments / Transfers	-	-	-	-	-	-	-	-
Write-off	-	(8.229)	(6.326.131)	-	(11.265)	-	-	(6.345.625)
Closing balance	-	96.244.653	83.955.652	-	2.548.974	58.866	-	182.808.145
Net amount	-	40.368.937	16.790.203	-	193.629	1.808	1.268.466	58.623.043

Tangible fixed assets non-revertible to the State

Year 2014 - Tangible fixed assets non-revertible to the State								
	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross amount:								
Opening balance	16.513.836	61.578.288	7.839.998	224.740	1.167.262	21.618	91.831	87.437.573
Acquisitions	-	-	97.744	-	16.771	-	197.644	312.159
Disposals	-	-	-	-	-	-	-	-
Adjustments / Transfers	-	-	72.534	(71.375)	-	-	(72.534)	(71.375)
Write-off	-	-	(54.774)	(86.621)	(1.842)	-	-	(143.237)
Closing balance	16.513.836	61.578.288	7.955.502	66.744	1.182.191	21.618	216.941	87.535.120
Depreciation and accumulated impairment losses:								
Opening balance	-	18.257.040	5.372.418	131.688	831.621	20.603	-	24.613.370
Depreciation of the year	-	2.301.539	515.194	16.624	99.378	58	-	2.932.793
Disposals	-	-	-	-	-	-	-	-
Adjustments / Transfers	-	-	-	(48.636)	-	-	-	(48.636)
Write-off	-	-	(54.774)	(64.200)	(1.641)	-	-	(120.615)
Closing balance	-	20.558.579	5.832.838	35.476	929.358	20.661	-	27.376.912
Net amount	16.513.836	41.019.709	2.122.664	31.268	252.833	957	216.941	60.158.208

Year 2013 - Tangible fixed assets non-revertible to the State

	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross amount:								
Opening balance	16.513.836	61.578.288	7.830.548	216.310	1.156.617	21.618	16.339	87.333.556
Acquisitions	-	-	24.355	46.000	11.031	-	78.916	160.302
Disposals	-	-	-	(6.032)	-	-	-	(6.032)
Adjustments / Transfers	-	-	3.424	-	-	-	(3.424)	-
Write-off	-	-	(18.329)	(31.538)	(386)	-	-	(50.253)
Closing balance	16.513.836	61.578.288	7.839.998	224.740	1.167.262	21.618	91.831	87.437.573
Depreciation and accumulated impairment losses:								
Opening balance	-	15.850.983	4.743.354	125.050	718.089	20.546	-	21.458.022
Depreciation of the year	-	2.406.057	647.393	38.743	113.918	57	-	3.206.168
Disposals	-	-	-	(6.032)	-	-	-	(6.032)
Adjustments / Transfers	-	-	-	-	-	-	-	-
Write-off	-	-	(18.329)	(26.073)	(386)	-	-	(44.788)
Closing balance	-	18.257.040	5.372.418	131.688	831.621	20.603	-	24.613.370
Net amount	16.513.836	43.321.248	2.467.580	93.052	335.641	1.015	91.831	62.824.203

16. TAX DEDUCTIONS ON INVESTMENT

During the year ended on 31 December 2014 and 2013, the Company benefited from the following tax deductions on investments:

Tax deductions on investments	2014			
	Opening Balance	Investment year	Income of the year	Closing Balance
Estoril Casino	7.659.913	1.569.331	(1.355.612)	7.873.632
Lisboa Casino	3.150.580	728.127	(864.764)	3.013.943
Póvoa de Varzim Casino	9.613.830	587.201	(1.456.129)	8.744.902
	<u>20.424.322</u>	<u>2.884.659</u>	<u>(3.676.504)</u>	<u>19.632.477</u>

Tax deductions on investments	2013			
	Opening Balance	Investment year	Income of the year	Closing Balance
Estoril Casino	8.007.430	957.644	(1.305.161)	7.659.913
Lisboa Casino	4.128.847	191.498	(1.169.765)	3.150.580
Póvoa de Varzim Casino	8.569.909	1.577.334	(533.413)	9.613.830
	<u>20.706.186</u>	<u>2.726.475</u>	<u>(3.008.339)</u>	<u>20.424.322</u>

The attribution of these tax deductions against the Special Gaming Tax payable is exclusively related with the acquisition of gaming equipment with the prior authorization of the Gambling Inspection Service.

17. INTANGIBLE ASSETS

During the years ended on 31 December 2014 and 2013, the movement in intangible assets, as well as in the respective amortization and accumulated impairment losses, was as follows:

	2014	2013
	Gaming Concession Rights	Gaming Concession Rights
Gross amount		
Opening balance	260.610.564	260.610.564
Acquisitions	-	-
Disposals	-	-
Transfers and write-offs	-	-
Closing balance	<u>260.610.564</u>	<u>260.610.564</u>
Amortization and accumulated impairment losses:		
Opening balance	170.937.980	159.581.608
Other adjustments	-	-
Amortization of the year	<u>11.279.449</u>	<u>11.356.372</u>
Closing balance	<u>182.217.429</u>	<u>170.937.980</u>
Net assets	<u>78.393.135</u>	<u>89.672.584</u>

The breakdown of intangible assets on 31 December 2014 and 2013 is as follows:

	2014		
	Gross Assets	Accumulated Amortization	Net Assets
Estoril Gaming Concession			
- Casino Estoril	153.576.455	(117.876.933)	35.699.522
- Casino Lisboa	30.000.000	(17.527.092)	12.472.908
Póvoa Gaming Concession - Casino da Póvoa	<u>77.034.109</u>	<u>(46.813.404)</u>	<u>30.220.705</u>
	<u>260.610.564</u>	<u>(182.217.429)</u>	<u>78.393.135</u>
	2013		
	Gross Assets	Accumulated Amortization	Net Assets
Estoril Gaming Concession			
- Casino Estoril	153.576.455	(111.927.013)	41.649.442
- Casino Lisboa	30.000.000	(15.469.949)	14.530.051
Póvoa Gaming Concession - Casino da Póvoa	<u>77.034.109</u>	<u>(43.541.018)</u>	<u>33.493.091</u>
	<u>260.610.564</u>	<u>(170.937.980)</u>	<u>89.672.584</u>

The concession in Estoril carried over from the then Estoril Sol, S.A. (now known as Estoril Sol, S.G.P.S, S.A.) to Estoril Sol III, Turismo, Animação and Jogo, S.A., in the last quarter of 2001. In this transaction process, an asset was produced between group companies with the concession premium in 1987, for the amount of 4,701,376 Euros which is eliminated in the consolidated accounts.

On the other hand, it negotiated an extension of the concession for Estoril until 2020, as it assumed a financial obligation toward the State amounting to 98,759,889 Euros, payment of which began in 2001 with

the amount of 57,641,085 Euros and ended in July 2006 with the payment of the last of the ten instalments with a base value equal to 4,111,880 Euros, plus monetary updates as defined in the concession extension contract. It should be pointed out that in 2001 we estimated and capitalized the monetary updates for the ten instalments, as agreed to, however, these were corrected from the moment when the international accounting standards were applied.

The same procedure was assumed with regard to Póvoa Casino, the concession for which runs up to the year 2023, and, in this case, the Group paid the Government the amount of 58,359,353.97 Euros in instalments also occurring in the period from 2001 to 2006, which were also the subject of monetary correction. These assets have a finite useful life, and they shall be fully depreciated by late 2020 in relation to the gaming concession for Estoril Casino and Lisbon Casino, and by late 2023 in the case of Póvoa Casino. There are no assets with an indefinite useful life or contractual commitments for the purchase of intangible assets.

In order to examine the impairment of the value of each of these concessions, as recorded in the financial statements, a technical estimate was given for the value of each of these concessions, in accordance with International Accounting Standards. To this end, we carried out the work of arriving at a reasonable value of the concessions operated by the Group, based on the characteristics and nature of the business being conducted, using the updated cash flow method, considering the duration of the concessions.

Use of this method is based on the principle that the estimated value of an organization or a business is represented by its potential for generating financial resources in the future that are liable to be withdrawn from the business and distributed to shareholders without jeopardizing its continuity.

In compliance with the provisions under IFRS, the Group conducts annual impairment analyses of Gaming Concessions, reported on 31 December each year, or whenever there are indications of impairment. The impairment tests are carried out by independent and certified entities for this purpose, to the different Gaming Concessions: Estoril Gaming Concession, including casino do Estoril and Casino de Lisboa and Póvoa Gaming Concession which includes the Casino da Póvoa de Varzim.

On 31 December 2014 the Group, hired a specialised independent entity to perform the analysis of impairment of the Gaming Concessions.

Impairment analyses of Gaming Concessions are carried out using the discounted cash-flow method, based on the financial projections of cash-flow up to the end of the period of the concession. The discount rates used reflect the level of indebtedness and the cost of third party capital of each cash generating unit, as well as the level of risk and profitability expected by the market.

The financial projections are prepared based on assumptions of how the activity of the cash generating unit and their markets will evolve, which are in line with historic trends, reasonable and prudent in their preparation regarding the behaviour of the main market variables and performance of the activities compared with the strategic plans defined.

As a result of the impairment analysis performed on 31 December 2014 and 2013, the Company did not recognised impairment losses in its Consolidated Financial Statements as there is no indication of impairment in the value of the Gaming Concessions.

The main assumptions and estimates made for the application of the updated cash flow method of evaluation were the following:

Time horizon

The time horizon corresponds to the estimated duration of the business. In this regard, and for the purpose of this analysis the following concession periods were considered:

- Casino Póvoa, December of 2023,
- Estoril concession which includes both Casino Estoril and Casino Lisboa, December of 2020.

Residual value

Taking into account the nature of any activity undertaken under concession, the value residual corresponds to the liquidation of the operating assets and liabilities of the companies at the end of the concession period.

Objective financial structure

The objective financial structure considered in the projection period (determined by the ratio between indebtedness and the total resources invested at market values) was approximately 20.8%, which assumes a stable and sustainable level of indebtedness in the long term.

Rate of actualization

The rate of actualization corresponds, conceptually, to the capital cost of the resources (own and third party) used in the financing of the operations and is based on the weighted average of these sources of capital.

Cost of equity

From a theoretical point of view, the cost of equity corresponds to a rate of remuneration equivalent to the profitability of the assets without long term risk (Treasury Bonds), plus a premium according to the systemic risk of the business (operational and financial). The analysis carried out in relation to the determination of the parameters mentioned previously, produced a cost of equity of 9,1% for the gaming business under concession.

Cost of third party capital

The cost of third party capital corresponds to cost in the long term, net of fiscal effects, of the Company's external financing. In this regard, and considering that the companies that run the gaming activity under concession are not subject to the payment of income tax, the value of approximately 6,9% is assumed as the cost of third party capital.

Cost of capital

According to the costs of the financial resources indicated above and considering the long term objective financial structure, at market values, the resulting average cost of capital for the companies comes to approximately 8,8%.

18. INVESTMENT PROPERTIES

During the years ended on 31 December 2014 and on 31 December 2013, the movement in investment properties, as well as in the respective depreciation and accumulated impairment losses, was the following

	<u>2014</u>	<u>2013</u>
Gross amount:		
Opening balance	282.509	282.509
Additions	-	-
Write-offs	-	-
Disposals	-	-
Closing balance	<u>282.509</u>	<u>282.509</u>
Depreciation and impairment losses:		
Opening balance	67.060	61.509
Depreciation of the year	5.551	5.551
Closing balance	<u>72.611</u>	<u>67.060</u>
Net value	<u>209.897</u>	<u>215.449</u>

Investment properties is made up principally from an apartment and respective contents held by Estoril-Sol (III) – Turismo, Animação e Jogo, S.A., in Monte Estoril.

During the year ending on 31 December 2009, the Group asked an independent entity to evaluate these assets, according to which their market value is higher than their book value. In the years ended on 31 December 2014 and 2013 there was no indication of any impairment of these assets.

19. OTHER NON-CURRENT ASSETS

On 31 December 2014 and 31 December 2013 other non-current assets were made up as follows:

	<u>2014</u>	<u>2013</u>
Participation/Subsidy over the remodeling of Casino da Póvoa	-	918.456
Other non-current assets	24.541	42.322
	<u>24.541</u>	<u>960.778</u>

The amount referring to participation in the remodelling work of Póvoa de Varzim Casino, was fully realised during 2014 by deducting this value (918.456€) from the annual payment of the Special Gaming Tax, paid during January 2015.

Other non-current assets essentially relate to amounts receivable from the Tax Administration.

20. INVENTORIES

On 31 December 2014 and 2013, this caption was broken down as follows:

	2014			2013		
	Gross Amount	Impairment Losses	Net Amount	Gross Amount	Impairment Losses	Net Amount
Goods	6.033.702	(2.769.510)	3.264.192	6.033.708	(2.769.510)	3.264.198
Finished and intermediate products	3.285.982	(109.630)	3.176.352	3.285.982	(109.630)	3.176.352
Raw materials, secondary materials and consumables	327.892	-	327.892	332.456	-	332.456
	<u>9.647.576</u>	<u>(2.879.140)</u>	<u>6.768.436</u>	<u>9.652.146</u>	<u>(2.879.140)</u>	<u>6.773.006</u>

The caption "Goods" essentially comprises a fraction of offices in Estoril and a Warehouse in Alcoitão held by the Group which is intended for resale.

Through one of its companies the Group owns a plot of land where the old ruins of the Hotel Miramar stand. This asset is entered in the caption "Finished and intermediate products",

The caption "Raw materials, secondary materials and consumables" is almost totally made up from food and drink products intended for sale in the diverse bares and restaurant areas of Estoril and Póvoa de Varzim Casinos.

During the year ended December 31st, 2013 and 2012, the Group has used an independent and specialized duly authorized and certified to do so with the CMVM (Securities and Exchange Commission), to perform an evaluation study of the value market for the following properties:

- fraction of offices in Estoril;
- plot of land where the old ruins of the Hotel Miramar stand;

The evaluation study consisted in determining the market value of the property as of December 31st in its current shape on the assumption that the property is free and available, respecting the requirements of the provisions of IFRS. The criteria used to perform the evaluation study were the "Direct market comparison" and "Yield return" considering the "Discounted Cash Flows" method. From the evaluation study resulted impairments in the total amount of 2.879.140 Euros. Since then there were not identified new indications of impairments over the market value of those assets, which is why there was no need to record additional impairment losses.

21. CUSTOMERS

On 31 December 2014 and 2013, this caption was broken down as follows:

	2014	2013
Customers current account	443.474	319.058
Impairment	(33.705)	(54.562)
	<u>409.769</u>	<u>264.496</u>
Customers doubtful debts	2.485.801	2.527.252
Impairment	(2.485.801)	(2.527.252)
	<u>-</u>	<u>-</u>
	<u>409.769</u>	<u>264.496</u>

Current account customers' debts are related with the activities of entertainment and restaurants. These are subject to evaluation by the credit control debts, and all debts that are overdue for periods of six months or more are subject to an entry of impairment for an amount equal to that of the debt (100%). On 31 December 2014 and 2013 there were no outstanding balances receivable for periods of 6 months or more that did not have a provision.

The Group does not grant credit in its gaming activity, although there are situations where amounts cannot be received, related with the means of payment used. Whenever an unfunded cheque is detected related with the gaming activity, a provision is immediately set up for the full amount, irrespective of the effort made for its collection that may be made in the future in order to effectively receive the amounts in cash.

22. OTHER ACCOUNTS RECEIVABLE

On 31 December 2014 and 2013, this caption was broken down as follows:

	2014	2013
Advance payments to suppliers	161.210	162.377
State and Public Sector	43.654	103.142
Deferrals:		
Expenses with entertainment shows to be held	-	0
Insurance	223.208	210.784
Fees with maintenance, technical assistance and licences	87.912	86.772
Other deferrals	19.058	19.139
Commercial areas renters	428.321	331.350
Other accounts receivable	87.855	100.869
	<u>1.051.218</u>	<u>1.014.433</u>

23. CASH AND CASH EQUIVALENTS

On 31 December 2014 and 2013, this caption was broken down as follows:

	<u>2014</u>	<u>2013</u>
Cash	7.810.732	7.433.390
Bank Deposits:		
- Immediately available bank deposits	1.094.265	2.266.425
- Security deposits (a)	1.100.000	-
Other treasury applications	40.445	43.608
Cash and bank deposits	<u>10.045.442</u>	<u>9.743.423</u>
Bank overdrafts (Note 25)	(5.204)	(88.730)
Cash and cash equivalents	<u>10.040.238</u>	<u>9.654.693</u>

(a) – Security deposit hold at a Portuguese financial institution, whose participation by the beneficiary, Turismo de Portugal, I.P., was subjected to the condition that, until January 31st, 2015, the depository bank had not received from the deposit holder, Varzim-Sol – Turismo, Jogo e Animação, S.A., a bank transfer receipt in favor of Turismo de Portugal, I.P., in the total amount settled as “Special Gaming Tax – Annual Payment” related to the year 2014, in accordance with note 28 from consolidated financial statements. The use/mobilization of this deposit by its beneficiary, Turismo de Portugal, I.P., did not occur has the game concessionaire company, Varzim-Sol – Turismo, Jogo e Animação, paid in accordance with payments schedule all its obligations related with game taxes. The Group Estoril-Sol, by the time of approval of these financial statements, has not any overdue debt towards Turismo de Portugal, I.P. (notes 28 and 31 of the consolidated financial statements).

24. CAPITAL

On 31 December 2014, the share capital of the Company is represented by 11,993,684 shares, of which 6,116,779 are registered shares and 5,876,905 bearer shares, of a nominal unit value of 5 Euros, which confer the right to a dividend.

The share capital issued by the Company on 31 December 2014 and on 31 December 2013 is broken down as follows:

	<u>2014</u>	<u>2013</u>
Share capital	59.968.420	59.968.420
Treasury shares	(708.306)	(708.306)
Issue premiums	7.820.769	7.820.769
	<u>67.080.883</u>	<u>67.080.883</u>

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

Data	Nominal value	No. of shares
31 of December 2014		
Registered	5€	6.116.779
Bearer	5€	5.876.905
		<u>11.993.684</u>
31 of December 2013		
Registered	5€	6.116.779
Bearer	5€	5.876.905
		<u>11.993.684</u>

Treasury shares were acquired by the Company as follows:

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

Legal persons with more than a 20% holding in the share capital:

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

The application of the net result of the year is according to the proposal for the application of results of individual accounts. The difference between the results of the individual accounts and the consolidated accounts is recorded in the caption "Other reserves and retained earnings."

25. FINANCIAL DEBT

On 31 December 2014 and 2013, this caption was broken down as follows:

Nature of the financing	2014		2013	
	Nominal Value	Balance sheet Value	Nominal Value	Balance sheet Value
Non-current financing:				
- Bank loans	8.929.314	8.929.314	6.812.500	6.812.500
- Commercial paper	-	-	-	-
- Current accounts	-	-	-	-
- Financial leasing	19.548	19.548	28.384	28.384
	<u>8.948.862</u>	<u>8.948.862</u>	<u>6.840.884</u>	<u>6.840.884</u>
Current financing:				
- Bank loans	6.825.008	6.918.394	12.092.770	12.171.028
- Commercial paper	51.500.000	51.022.873	61.000.000	60.570.287
- Current accounts	17.078.100	17.090.547	20.330.000	20.138.011
- Bank overdrafts (Note 23)	5.204	5.204	88.730	88.730
- Financial leasing	8.835	8.835	60.690	60.690
	<u>75.417.147</u>	<u>75.045.853</u>	<u>93.572.190</u>	<u>93.028.746</u>
	<u>84.366.009</u>	<u>83.994.715</u>	<u>100.413.074</u>	<u>99.869.630</u>

The average interest rates for financing, borne by the Group, including commissions and other charges, come within an interval of between 4,74% and 6,5%.

Some of the financing operations, mainly bank loans, include commitments to maintain certain financial ratios based on contractually negotiated limits (financial covenants).

These ratios are:

- Net Debt / Ebitda;
- Financial autonomy.

On the 31st December 2014 and 31st December 2013, these ratios were according the contractually negotiated limits.

The amount classified as non-current bank loans, for a total amount of 8.929.314 Euros, falls due in accordance with the following schedule:

- 3.791.630 Euros in 2016;
- 3.611.041 Euros in 2017;
- 1.526.643 Euros in 2018;

Depending on the operating funds that are freed up, we feel the financial risk to which the associated undertakings are exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that assets guarantees are dispensed with for operations under contract.

The amount included in the column "Nominal value" corresponds to the contracted value that is still owing. The column "Balance sheet value" is added to the nominal value of financial charges already incurred but still not due, less interest and or commissions paid in advance.

26. LEASING

The companies that comprise the Group are lessees in financial and operational leasing contracts related with motor vehicles, which are denominated in Euros.

These contracts produce the following future liabilities for the Group:

	2014		
	Finance Leasing	Operational Leasing	Total
Up to 1 year	8.835	378.141	386.976
Between 1 year and 5 years	19.548	476.308	495.856
	<u>28.383</u>	<u>854.449</u>	<u>882.832</u>
	2013		
	Finance Leasing	Operational Leasing	Total
Up to 1 year	65.104	378.304	443.408
Between 1 year and 5 years	26.938	566.847	593.785
	<u>92.042</u>	<u>945.151</u>	<u>1.037.193</u>

27. PROVISIONS

The movement in the provisions accounts in the years ended on 31 December 2014 and 2013 is as follows:

	2014				Closing Balance
	Opening Balance	Increases	Reversals	Write-off	
Provisions for pensions (Note 9)	3.672.252	225.000	(449.000)	(59.856)	3.388.396
Legal proceedings in hand	2.229.614	220.134	(180.236)	(66.031)	2.203.481
Other risks and charges	1.055.385	28.866	(209.536)	-	874.715
	<u>3.284.999</u>	<u>249.000</u>	<u>(389.772)</u>	<u>(66.031)</u>	<u>3.078.196</u>
	<u>6.957.251</u>	<u>474.000</u>	<u>(838.772)</u>	<u>(125.887)</u>	<u>6.466.592</u>
	2013				Closing Balance
	Opening Balance	Increases	Reversals	Write-off	
Provisions for pensions (Note 9)	3.527.000	250.000	-	(104.748)	3.672.252
Legal proceedings in hand	2.418.736	182.712	(213.221)	(158.613)	2.229.614
Other risks and charges	3.605.135	652.081	(265.764)	(2.936.067)	1.055.385
	<u>6.023.871</u>	<u>834.793</u>	<u>(478.985)</u>	<u>(3.094.680)</u>	<u>3.284.999</u>
	<u>9.550.871</u>	<u>1.084.793</u>	<u>(478.985)</u>	<u>(3.199.428)</u>	<u>6.957.251</u>

Provisions for pensions / Post-employment benefits

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

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

The most recent actuarial study of the assets of the plan and of the present value of the defined benefit obligations was carried out in December of 2014 by a specialised entity accredited for the purpose. The present value of the obligation concerning defined benefits and the cost of current services and of related past services were measured using the projected unit credit method.

The main assumptions made in the actuarial evaluation mentioned above were the following:

	<u>2014</u>	<u>2013</u>
Discount rate	2%	3,00%
rate of growth of pensions	0,00% p.a.	0,00% p.a.
Mortality table		
- Before retirement	n.a.	n.a.
- After retirement	GKF95	GKF95
Invalidity table	n.a.	n.a.
Table of departures	n.a.	n.a.
Retirement age	Age on 1st january 2015	

The actuarial study resulted the following:

- an increase of 225,000 Euros which reflects the cost charged to the current year associated with post-employment benefits to be paid after December 31st, 2014;
- a reversal (net effect) of 449,000 Euros resulting from experience gains in terms of population and assumption changes, discount rate, as shown above. This reversal was offset a gain in terms of equity accounts, in accordance with the accounting standards applied by the company, IFRS 28 and IAS 19 (Statement of comprehensive income).
- The value entered in the "Write-off" column in the amount of 59.856 Euros is the amount of disbursements made on behalf of current pension beneficiaries.

Legal proceedings in hand

The provision for legal proceedings_in hand is intended to cover estimated liabilities based on information from legal advisors, arising from lawsuits filed against the Group.

During 2014 the Group set up provisions amounting to approximately 220.000 Euros, from which 170.000 Euros to address new lawsuits of a commercial nature, and 50.000 Euros for employment litigation.

During the year ended December 31st, 2013 several lawsuits pending had a final decision, which resulted in the reversal of certain provisions that had been in the past warily established and whose judgments have confirmed a lower cost to the Group.

From the total amount accrued for provisions, approx. 2.203.481 Euros, as at December 31st, 2014 the most significant possible contingency, approx. 1.105.000 Euros, is related to the following: one of the subsidiaries of the Group made a collective dismissal in 2010 within the terms established in the Law, which affected 112 employees. Some of these contested this procedure and filed a lawsuit in Court trying to have this overturned and for their reintegration as Company staff. The Company and the legal consultants responsible for the case consider that there is a high probability of the Company winning and, therefore, it has set up a provision corresponding only to the legal obligations allowed for in labour legislation in cases of collective dismissal which it will have to pay to the former employees by way of indemnity evens if it wins the case. During 2014 two former employees decided to accept to Company offer and received compensations in accordance with the Portuguese labor law in total amount of 66.031 Euros. The remaining provision for the other 43former employees is as at 31st December 2014 of 1.105.000 Euros.

Other risks and charges

These provisions mostly contemplate questions of divergence in fiscal matters between the Group and the Tax Administration.

28. OTHER ACCOUNTS PAYABLE

On 31 December 2014 and 2013, this caption was broken down as follows:

	2014	2013
Other accounts payable - non-current		
Annual payment - Difference to minimum grant (Note 6)	3.734.424	-
	3.734.424	-
Other accounts payable - current		
Current suppliers	4.232.540	4.446.394
Suppliers of investments	174.731	1.180.120
State and Public Sector		
Annual gaming payment	5.592.704	8.196.219
Annual payment - Difference to minimum grant (Note 6)	1.861.170	5.650.625
Special Gaming Tax (to be paid next month)	9.349.507	6.364.429
Social Security contribuitons	568.323	522.392
Other in favour of the State	820.042	813.319
Charges with holidays payable	3.529.197	4.498.136
Responsabilities for accumulated gaming premiums	1.559.711	1.486.824
Other	2.927.056	1.963.977
	30.614.981	35.122.435

Annual Gaming Tax (difference to minimum grant):

The Decree Law n^o 29/88 of 3 August, down in paragraph 1 of Article 3, the concessionaire is obliged to pay an annual payment amounting to 50% of the gross gaming revenues. This payment cannot be, under any circumstances, lower than the values in the table attached to that Decree Law.

The minimum annual contributions were established (prices of the year 2000) by Decree-Law No. 275/2001 of 14 December 2001, by the time the Concessions Contracts were extended by fifteen years more.

At the beginning of the year 2015 the Regulatory-Decree n^o1/2015 of 21st January came to approve the split payment in installments of the annual minimum contributions calculated based on Decree-Law 275/2001, subject to prior approval from “Turismo de Portugal” of the payments schedule proposed by the Game Concessionaire Companies.

The Regulatory-Decree n^o1/2015 was applied for the first the time to the amounts related to the year ended December 2014, which initially payment deadline was on January 31st, 2015.

The value of Casino da Póvoa minimum annual payment for the year 2014 at 2000 current prices, is 17.946.748 Euros. According to Article 4 of the Decree n^o 29/88 of 3rd August this value is updated based on the index of consumer prices for the mainland, excluding housing, published by the National Statistics Institute (INE), for the year to which the payment relates to. Following this update, the minimum annual payment for the year 2014 stood at 24.207.299 Euros.

In 2014 Casino da Póvoa gross gaming revenues amounted to 37.223.409 Euros. The 50% annual payment over gross gaming revenues represents 18,611,704 Euros, a figure lower than the minimum annual payment calculated pursuant to Decree-Law No. 275/2001. By that reason the Casino da Póvoa Concessionaire would have to pay to the state the remaining amount in the total of 5,595,595 Euros for the year 2014. (Note 6). Of this amount, 1,861,170 Euros are at the date of this report settled by the Concessionaire Company since they had the maturity date on January 31st, 2015. The remaining 3,734,424 Euros registered in the caption “Other accounts payable – non-current”, and according to prior authorization from Turismo de Portugal will be paid in three equal annual instalments, on December 31st, 2019, 2020 and 2021.

29. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

Contingent liabilities

In the normal course of its activity, the Group is involved in diverse legal proceedings. Given the nature of these and the provisions set up, in accordance with studies and opinions of legal consultants, the current expectation is that the respective outcome will not lead to any material effects in terms of the activity undertaken, the asset position and the result of the operations.

The main situations are the following:

- Differences in understanding between the Group and the Tax Authorities over Corporation Tax (IRC), relating to the years 2007, 2008, 2009 and 2010, with regard to the taxation of undocumented expenses incurred in the course of the gaming activity of subsidiaries that form part of the Group and which operate games of fortune as their main activity. During the year 2013 occurred the 1st instance verdict contrary to the allegations and convictions of the Group relating to the process for the years 2007 to 2009. It is the Company's belief, grounded in favourable opinions from legal advisers, that a final decision should be favourable, which is why the Group appealed to higher courts. On the date of these financial statements there are also previous legal decisions that are in the Group's favour, as well as judicial jurisprudence which is

favourable to the Group on this matter. Even so, on this date the Group has bank guarantees provided in favour of the Finance Office of Cascais amounting to 7.197.635 Euros.

- One of the subsidiaries of the Group made a collective dismissal in 2010 within the terms established in the Law, which affected 112 employees. Some of these contested this procedure and filed a lawsuit in Court trying to have this overturned and for their reintegration as Company staff. During the year 2014 two employees gave up the action brought against the Group subsidiary. It has been used 66.031 Euros to cover the payment of their allowances, paid according to the amounts accrued by the Group and provided for in accordance with Portuguese labor legislation. The Company and the legal consultants responsible for the case consider that there is a high probability of the Company winning and, therefore, it has set up a provision corresponding only to the legal obligations allowed for in labour legislation in cases of collective dismissal which it will have to pay to the former employees by way of indemnity even if it wins the case. This amounts to 1.105.000 Euros. (Note 27)

The Group also sets up diverse technical provisions related with the normal functioning of its main activity, the operation of games of fortune. Among the more significant ones we should highlight:

- The existence of an account payable for a total amount of 1.559.711 Euros in respect of liabilities for accumulated gaming premiums. These liabilities are revised on a monthly basis, according to the accumulated premiums announced in the diverse gaming rooms of the Casinos run by the Group (Note 28).

Commitments and contingent assets

In the normal course of its activity the Group assumes commitments related, essentially, with the remodeling and equipment of the Casinos that it runs. On 31 December 2014 the main ones were the following:

- In relation to the re-design and remodelling of the Póvoa de Varzim Casino building, works worth a total amount of 11.849.611 Euros were approved by the Institute of Portugal through a dispatch of the Secretary of State for Culture. Of this investment, 5.622.109 Euros will be subject to co-payment through the deduction split over four years of the amounts payable by way of the annual payment of the Special Gaming Tax. On this date the Group has entered in its financial statements an account receivable amounting to 918.456 Euros corresponding to the effective co-payment of the investment already made and which will be the subject of deduction in future payments of the Special Gaming Tax. The amount referring to participation in the remodelling work of Póvoa de Varzim Casino, was fully realised during 2014 by deducting this value (918.456€) from the annual payment of the Special Gaming Tax, paid during January 2015. (Note 19)

Guarantees provided

On 31 December 2014 and 2013 the guarantees provided by the Group were as follows:

	<u>Dec - 2014</u>	<u>Dec - 2013</u>
Obligations related with the Special Gaming Tax	13.150.000	21.950.000
Tax lawsuits in hand / litigation	7.429.989	7.429.990
Current suppliers	39.250	46.225
	<u>20.619.239</u>	<u>29.426.215</u>

30. MANAGEMENT OF FINANCIAL RISKS

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

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

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

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

Credit risk:

The credit risk is related with the balances receivable from customers and other debtors, classified in balance sheet in the captions, "Customers" and "Other accounts receivable", respectively.

Portuguese legislation forbids casino concessionaires from granting credit to gaming activities, and so, in this regard, Group Companies are not exposed to credit risk.

Other revenue from restaurant and entertainment activities, which account for around only 2,6% of revenue, therefore represents insignificant exposure.

Liquidity risk:

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

According to the monetary resources freed up by the companies that comprise the Group, we feel the financial risk to which the Group is exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that asset guarantees are dispensed with for operations under contract, further reinforced by the no less relevant fact that over the years the Group has been successively reducing its financial liabilities, thereby complying with the commitments assumed.

Interest rate risk

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

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

If the market interest rates had been 1% higher during the years ended on 31 December 2014 and 2013, the financial costs of those years would have increased by approximately 923,000 Euros and 1,100,000 Euros, respectively.

Exchange rate risk

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

31. EVENTS AFTER THE BALANCE SHEET DATE

During the first quarter of 2015 the Group paid 5.592.704 Euros referring to the annual payment of the Special Gaming Tax, 1.861.670 Euros referring to the annual payment (difference to minimum grant) and 9.349.507 Euros referring to the Special Gaming Tax relating to the period of December of 2014 (Note 28). It has been cancelled bank guarantees issued by the Group in the total amount of 3.350.825 Euros related with these payments.

32. CONSOLIDATED RESULTS PER SHARE

The consolidated result per basic share of the years ended on 31 December 2014 and on 31 December 2013 was determined as follows:

	<u>2014</u>	<u>2013</u>
Consolidated net profit of the year	(1.736.283)	(889.120)
Average weighted number of shares in circulation	11.931.119	11.931.119
Result per basic share	<u>(0,15)</u>	<u>(0,07)</u>

Due to the fact that there are no situations that cause dilution, the net result per diluted share is the same as the net result per basic share.

LAMPREIA & VIÇOSO

SOCIEDADE DE REVISORES OFICIAIS DE CONTAS

DONATO JOÃO LOURENÇO VIÇOSO - ROC N.º 334

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LEGAL CERTIFICATION OF ACCOUNTS AND AUDIT REPORT (Individual accounts)

INTRODUCTION

1. Pursuant to applicable legislation, we hereby submit the Legal Certification of Accounts and Audit Report regarding the financial information contained in the Management Report and the Corporate Governance Report and in the attached financial statements of the year ended on 31 December 2014 of **ESTORIL SOL, S.G.P.S., S.A. - Public Company**, comprising: the Balance sheet on 31 December 2014 (indicating a total of 129.183.789 Euros and a total equity of 86.473.381 Euros, including a negative net result of 1.971.353 Euros), the Income Statement by Nature, the Statement of Changes in Equity and the Cash Flow Statement of the year ending on that date and the corresponding Notes.

RESPONSIBILITIES

2. The Board of Directors of **Estoril Sol, SPGS, SA - Public Company** - is responsible for:
 - a) Preparing financial statements that present a true and fair view of the financial position of the Company, the result of its operations, the changes in equity and the cash flow;
 - b) Providing historical financial information which should be prepared in accordance with generally accepted accounting principles and that it is complete, correct, current, clear, objective and lawful as required by the Securities and Exchange Commission's Code;
 - c) Adopting appropriate accounting policies and criteria;
 - d) Maintaining an appropriate system of internal control, and
 - e) Informing on any relevant facts that may have influenced its activity, financial position or results.
3. Our responsibility is to make sure the financial information contained in the financial statements mentioned above is complete, correct, current, clear, objective and lawful, as required by the Portuguese Securities Market Code, and to express a professional and independent opinion based on our audit.

SCOPE

4. We conducted our audit in accordance with the Technical Standards and Auditing Directives of the Portuguese Institute of Statutory Auditors, which require that an audit be planned and carried out in such a way as to give reasonable assurance that the financial statements are free from material misstatement. The audit thus includes: (i) an examination, on a test basis, of relevant evidence regarding the amounts and disclosures in the financial statements and an evaluation of the estimates, based on judgements and criteria defined by the Board of Directors used in their preparation; (ii) an examination of the adoption of adequate accounting procedures and their disclosure, taking the circumstances into account; (iii) verification of the applicability of the principle of continuity; (iv) an assessment of whether, in global terms, the presentation of the financial statements is adequate; and (v) an assessment of whether the financial information is complete, correct, current, clear, objective and lawful.

CAPITAL SOCIAL 50.000 EUROS - NIPC: 504 176 544

INSCRITA NA LISTA DOS REVISORES OFICIAIS DE CONTAS SOB O N.º 157

REGISTADA COMO AUDITOR EXTERNO NA C.M.V.M. SOB O N.º 7873

LAMPREIA & VIÇOSO

SOCIEDADE DE REVISORES OFICIAIS DE CONTAS

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5. Our audit also covered the verification of the consistency of the financial information in the Management Report and in the Corporate Governance Reports with the other statutory annual documentation, as well as the checks allowed for in numbers 4 and 5 of article 451 of the Commercial Companies Code.
6. We believe that the audit that we performed allows us to express an opinion on these financial statements.

OPINION

7. In our opinion, the financial statements audited by us present a true and fair view, in all material respects, of the financial position of **ESTORIL SOL, S.G.P.S., S.A. – Public Company** – as at 31 December 2014, the result of its operations, the changes in equity and the cash flow in the year then ended, in accordance with generally accepted accounting principles in Portugal, and the information therein is complete, correct, current, clear, objective and lawful.

REPORTING ON OTHER LEGAL REQUIREMENTS

8. It is also our opinion that the information included in the Management Report is in agreement with the financial statements of the year and the Corporate Governance Report includes the elements required within the terms of article 245 - A of the Securities and Exchange Commission's Code.

EMPHASIS

9. Notwithstanding the opinion expressed in paragraph 7, we would like to draw your attention to the following situations:
 - a) As stated in points 3.9 and 14 of the Notes to the Financial Statements the provisions set up, based on an actuarial study carried out by an independent entity, for the retirement pensions of former and current directors, fully cover this liability.
 - b) The loans on Group Companies, with negative equity, and which, for this reason, are covered by the situation contemplated in article 35 of the Commercial Companies Code, are duly adjusted.
 - c) At the date of the accounts closing, the financial autonomy ratio of the subsidiary company "Varzim-Sol – Turismo, Jogo e Animação, S.A.", did not comply with the minimum limits established by article 17 of Decree-Law 422/89 (Game law). Analysing the events after the balance sheet date, we found that on March 26th, 2015 the Company made additional capital payments (supplementary capital) in cash in its subsidiary company "Varzim-Sol – Turismo, Jogo e Animação, S.A.", in the total amount of 2.050.000 euros, in order to strengthen the subsidiary company capital structure, in compliance with article 17 of Decree-law 422/89, as mentioned in note 32 from the "notes to the individual financial statements".

Lisbon, 28 April 2015

Lampreia & Viçoso, SROC
Registered in the CMVM no. 7873
represented by
José Martins Lampreia(ROC no. 149)

CAPITAL SOCIAL 50.000 EUROS - NIPC: 504 176 544

INSCRITA NA LISTA DOS REVISORES OFICIAIS DE CONTAS SOB O N.º 157

REGISTADA COMO AUDITOR EXTERNO NA C.M.V.M. SOB O N.º 7873

REPORT AND OPINION OF THE AUDIT BOARD

(Individual accounts)

To the Shareholders,

Pursuant to the applicable legal provisions and the Company's Memorandum and Articles of Association, it is our duty to submit to your appreciation the Report and Opinion of the Audit Board on the Management Report and on the Corporate Governance Report and individual financial statements, presented by the Board of Directors of **ESTORIL SOL, S.G.P.S., S.A. - Public Company** - in relation to the year ended on 31 December 2014.

1- REPORT

1.1- The Audit Board has monitored the company's management and operations during the year. It remained in regular contact with the Board of Directors and with other company officials, who were always available to provide due explanations. It also had access to all documentation requested for performing its duties.

1.2- The Audit Board performed the tests and checks it is entrusted with, and deemed necessary, under the circumstances. It monitored the procedures for controlling risks and the internal control system implemented. The process of preparation and disclosure of financial information was also supervised.

1.3- The Management Report and the Corporate Governance Report describe the policies followed, the economic and financial operations, the conditioning factors involved, with regard to the fiscal year under evaluation, and the prospects for progress, given the economic climate.

1.4- The individual accounts, comprising the balance sheet, the income statement by natures, the statement of the changes in equity and the cash flow statement and the corresponding Notes, are all in agreement with the accounting records and with the accounting policies and practices.

1.5- In compliance with the legal provisions the Board certified the independence of the Statutory Auditors noting their professionalism and technical capacity, supervising their activity, at appropriate intervals, through meetings and the observation of the checks made by it.

1.6- We evaluated the Legal Certification of Accounts and the Audit Report as prepared by the Chartered Accountants, which warranted our agreement.

1.7- The Audit Board considered the proposal for the application of results presented by the Board of Directors.

2 - OPINION

In view of the above, we evaluated the Management Report and Corporate Governance Report, the balance sheet and individual accounts relating to the year 2014, as well as the proposal for the application of results, it being our opinion that these are in a condition to be discussed and voted on in a General Meeting of Shareholders.

3 – DECLARATION OF LIABILITY

The Audit Board declares within the terms and for the purposes of the provisions in line c) of no.1 of article 245 of the Securities and Exchange Commission's Code that, to the best of its knowledge, the information contained in the individual financial statements was prepared in accordance with the generally accepted accounting principles in Portugal, giving a true and appropriate image of the financial position, the result of the operations, the changes in equity and the cash flow of **ESTORIL SOL, S.G.P.S., S.A. - Public Company** -, and that the management and corporate governance reports faithfully portray the evolution of the businesses, of the performance and of the financial position of the company and contain a description of the main risks and uncertainties that it is faced with.

Estoril, 29 April 2015

The Audit Board

Chairman - *Mário Pereira Pinto*

Director – *António José Alves da Silva*

Director – *Manuel Martins Lourenço*

LAMPREIA & VIÇOSO

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LEGAL CERTIFICATION OF ACCOUNTS AND AUDIT REPORT (Consolidated accounts)

INTRODUCTION

1. Within the terms of the applicable legislation, we hereby present the Legal Certification of the Accounts and Audit Report on the consolidated financial information contained in the Management Report and in the Corporate Governance Report and the attached consolidated financial statements of the year ended on 31 December 2014, of **ESTORIL SOL, S.G.P.S, S.A. – Public Company** -, which include: the Consolidated Statement of the Financial Position on 31 December 2014 (which shows a total of 191,241,203 Euros and total equity of 66,430,491 Euros, including a negative consolidated net result of 1,736,283 Euros), the Consolidated Income Statement, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement of the year ended on that date and the corresponding Notes.

RESPONSIBILITIES

2. The Board of Directors of **Estoril Sol, SPGS, SA - Public Company** - is responsible for:
 - a) Preparing consolidated financial statements that present a true and fair view of the financial position of the group of companies included in the consolidation, the consolidated result of their operations, the consolidated changes in equity and their consolidated cash flow;
 - b) Providing historical financial information which should be prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and that it is complete, correct, current, clear, objective and lawful as required by the Securities and Exchange Commission's Code;
 - c) Adopting appropriate accounting policies and criteria;
 - d) Maintaining an appropriate system of internal control, and
 - e) Informing on any relevant facts that may have influenced the activity of the group of companies included in the consolidation, their financial position or their results.
3. Our responsibility is to examine the financial information contained in the financial statements mentioned above, including a verification that, for materially relevant aspect, it is complete, correct, current, clear, objective and lawful, as required by the Portuguese Securities Market Code, and to express a professional and independent report based on our audit.

SCOPE

4. We conducted our audit in accordance with the Technical Standards and Auditing Directives of the Portuguese Institute of Statutory Auditors, which require that an audit be planned and carried out in such a way as to give reasonable assurance that the consolidated financial statements are free from material misstatement. The audit thus includes:
 - a) a verification that the financial statements of the companies included in the consolidation have been appropriately audited and, for the significant cases that were not, a verification, on a test basis, of the evidence of the amounts and disclosures contained therein and an evaluation of the estimates, based on judgements and criteria defined by the Board of Directors used in their preparation;
 - b) a verification of the consolidation operations and the application of the equity pick-up method;
 - c) an examination of the adoption of adequate accounting procedures and their disclosure, taking the circumstances into account;
 - d) verification of the applicability of the principle of continuity;

CAPITAL SOCIAL 50.000 EUROS - NIPC: 504 176 544

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REGISTADA COMO AUDITOR EXTERNO NA C.M.V.M. SOB O N.º 7873

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- e) an assessment of whether, in global terms, the presentation of the consolidated financial statements is adequate; and
 - f) an assessment of whether the consolidated financial information is complete, correct, objective and lawful;
5. Our audit also covered the verification of the consistency of the consolidated financial information in the Management Report and in the Corporate Governance Reports with the other statutory annual documentation, as well as the checks allowed for in numbers 4 and 5 of article 451 of the Commercial Companies Code.
6. We believe that the audit that we performed provides an acceptable basis for us to express our opinion.

OPINION

7. In our opinion, the consolidated financial statements, referred to in point 1 above, present a true and fair view, in all material respects, of the consolidated financial position of **ESTORIL SOL, S.G.P.S., S.A. – Public Company** - and its subsidiaries on 31 December 2014, the consolidated result of its operations, the consolidated changes in equity and the consolidated cash flows in the year ended on that date, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and the information contained therein is, within the terms of the definitions included in the Directives mentioned in point 4 above is complete, correct, current, clear, objective and lawful.

REPORTING ON OTHER LEGAL REQUIREMENTS

8. It is also our opinion that the information included in the Management Report is in agreement with the financial statements of the year and the Corporate Governance Report includes the elements required within the terms of article 245 - A of the Securities and Exchange Commission's Code.

EMPHASES

Notwithstanding the opinion expressed in paragraph 7, we would like to draw your attention to the following situations:

9. Some companies of the group, included in the consolidation perimeter, are covered by the situation contemplated in article 35 of the Commercial Companies Code, as their equity is less than 50% of the share capital.
10. As mentioned in points 2.16 and 27 of the Notes to the Consolidated Financial Statements, there are liabilities, in the consolidating company, with pensions for retired and acting directors, which are fully covered by the provisions constituted based on an actuarial study carried out by an independent entity.
11. As stated in paragraph 11 – “Relevant Facts” from the Management Report, the operating companies from the Group Estoril-Sol challenge the competent Administrative and Fiscal Courts with the settlements of gaming tax to which they were presented by the State, and for that purpose submit the necessary judicial guarantees. However by the time of approval of this report, all taxes are paid and the Group does not have any debt to the Portuguese State related with gaming tax.

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LAMPREIA & VIÇOSO

SOCIEDADE DE REVISORES OFICIAIS DE CONTAS

12. At the date of the accounts closing, the financial autonomy ratio of the subsidiary company “Varzim-Sol – Turismo, Jogo e Animação, S.A.”, did not comply with the minimum limits established by article 17 of Decree-Law 422/89 (Game law). Analysing the events after the balance sheet date, we found that on March 26th, 2015 the Company made additional capital payments (supplementary capital) in cash in its subsidiary company “Varzim-Sol – Turismo, Jogo e Animação, S.A.”, in the total amount of 2.050.000 euros, in order to strengthen the subsidiary company capital structure, in compliance with article 17 of Decree-law 422/89.

Lisbon, 28 April 2015

Lampreia & Viçoso, SROC
Registered in the CMVM no. 7873
represented by
José Martins Lampreia (ROC no. 149)

REPORT AND OPINION OF THE AUDIT BOARD

(Consolidated accounts)

To the Shareholders,

Pursuant to the applicable legal provisions, it is our duty to submit to your appreciation the Report and Opinion of the Audit Board on the Management Report and on the Corporate Governance Report and other consolidated financial statements, presented by the Board of Directors of **ESTORIL SOL, S.G.P.S., S.A. - Public Company** - in relation to the year ended on 31 December 2014.

1- REPORT

1.1- We examined the operations conducted by the consolidating company and monitored the operations of the Group of companies headed by the said consolidating company, both directly and via explanations collected from Management and services. The Audit board also performed those checks deemed necessary, under the circumstances.

1.2- The Audit board performed the tests and checks it is entrusted with and that it deemed necessary in the circumstances. It monitored the procedures for controlling risks and the implemented internal control system. It also supervised the process of preparation and disclosure of the financial information.

1.3- The management and corporate governance reports describe the policies followed, the economic and financial operations, the conditioning factors involved relating to the year under evaluation, and the future prospects in the current economic climate.

1.4- The consolidated accounts, comprising the Consolidated Balance Sheet, the Income Statement, the Statement of Changes in Equity, the Cash Flow Statement and respective notes, are all in agreement with the accounting records and with the accounting policies and practices of the International Financial Reporting Standards (IFRS) as adopted in the European Union.

1.5- In compliance with the legal provisions, the Board verified the independence of the Statutory Auditors noting their professionalism and technical capacity, and supervised, with appropriate frequency, their activity, through meetings and observing the checks carried out by them.

1.6- We have evaluated the Legal Certification of Accounts and Audit Report – Consolidated Accounts – prepared by the Statutory Auditors, which warranted our agreement.

2 - OPINION

In view of the above, we have evaluated the management and corporate governance reports and the consolidated financial statements of **ESTORIL SOL, S.G.P.S., S.A. - Public Company** -, for 2014, as well as the proposal for the application of consolidated profits, and it is our opinion that these are in a position to be discussed and voted on in a General Meeting.

3 – DECLARATION OF RESPONSIBILITY

The Audit Board, pursuant to and for the purposes of the provisions under line c) of no.1 of article 245 of the Portuguese Securities Code, declares that, to the best of its knowledge, the information appearing in the consolidated financial statements was prepared in conformity with the International Financial Reporting Standards (IFRS) as adopted in the European Union, showing a true and appropriate image of the financial position, the operating result, the changes in equity and the cash flow of **ESTORIL SOL, S.G.P.S., S.A. - Public Company** -, and that the management and corporate governance reports faithfully shows the progress of the business, the performance and financial position of the company, and contains a description of the main risks and uncertainties they are faced with.

Estoril, 29 April 2015

The Audit Board

Chairman - *Mário Pereira Pinto*

Director – *António José Alves da Silva*

Director – *Manuel Martins Lourenço*

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