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

1. INTRODUCTION

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

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

2. MAIN ACCOUNTING POLICIES

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

2.1. Presentation basis

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

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

2.2. Consolidation

(a) Subsidiaries

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

When losses attributable to non-controlling interests exceed the non-controlling interest in a subsidiary company's equity, the group absorbs that difference