AmRest Holdings SE Capital Group

Report for the 1st half of 2013

23 August 2013

Everything is possible!

AmRest Holdings SE Report for the 1st half of 2013

PART I

Directors' report

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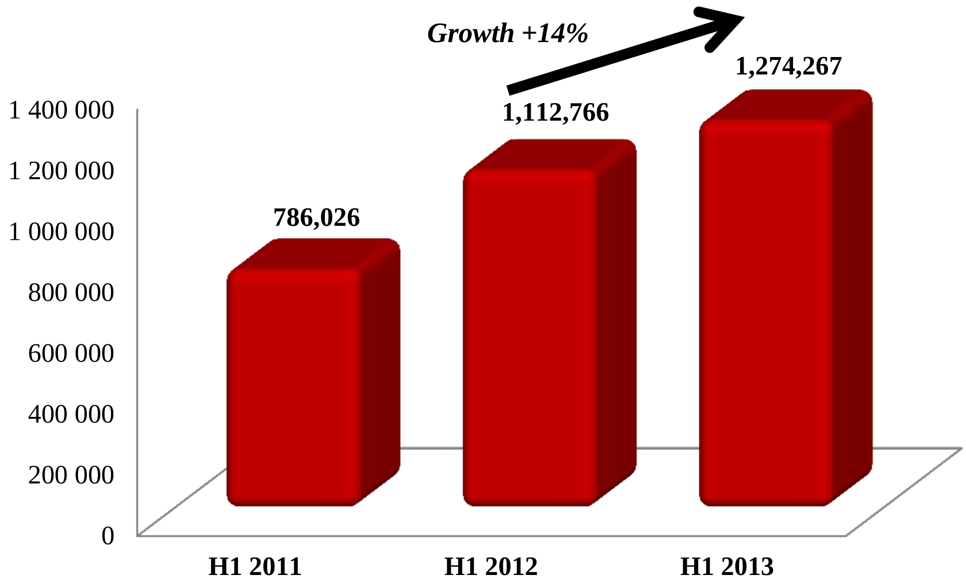

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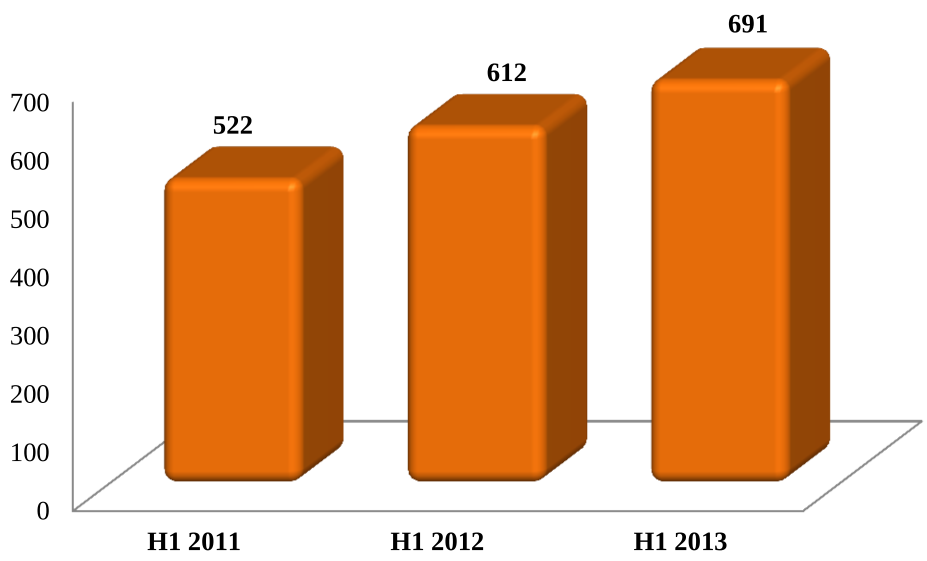

[1]Data without taking into account Applebee's restaurant revenue, as a result of the sale of AmRest LLC assets

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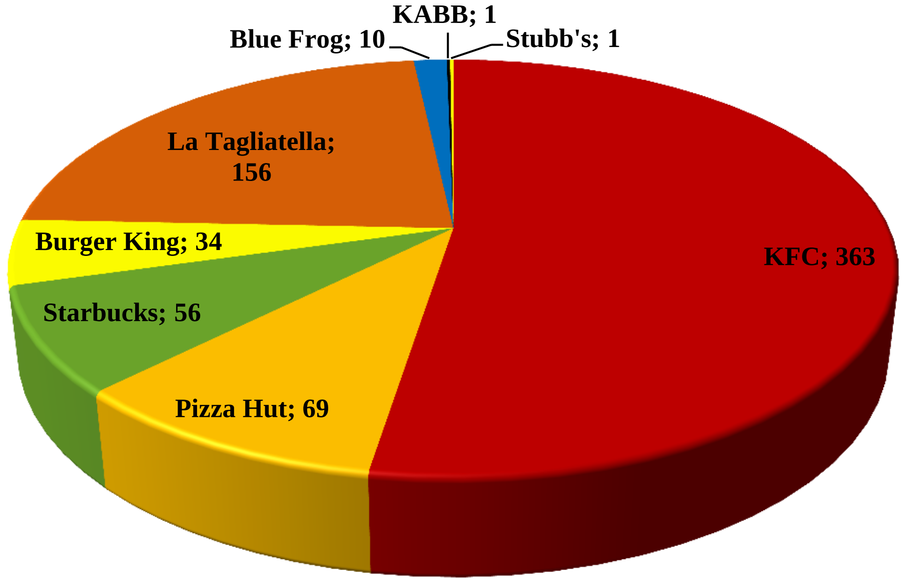

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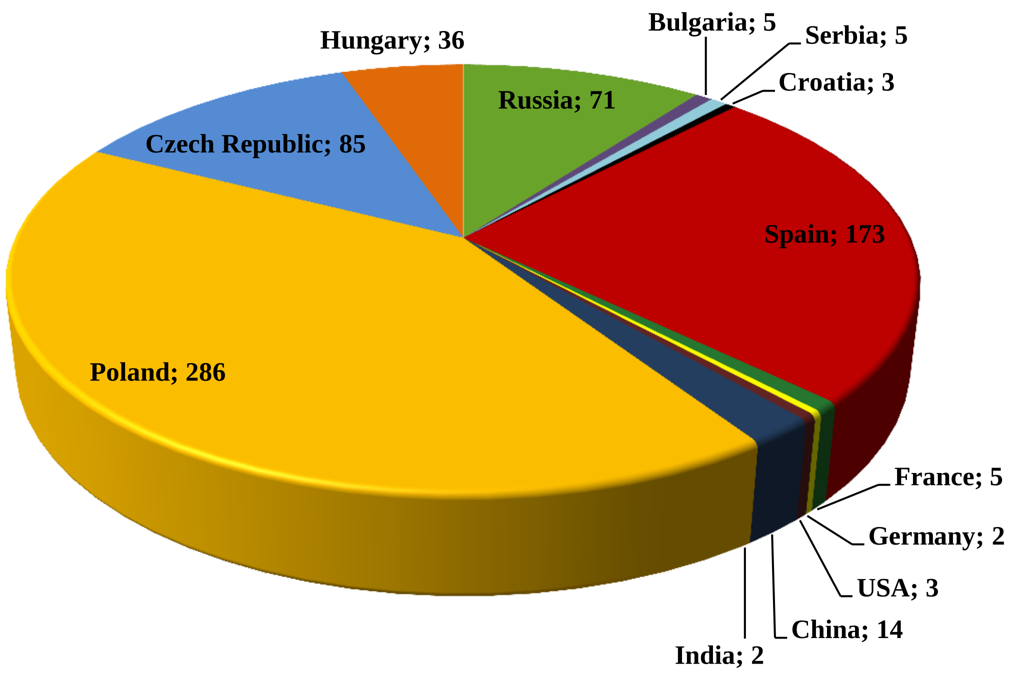


[3]Including restaurants operated by franchisees of La Tagliatella brand.
[4]As above.

2. Company Business Overview

2.1. Basic services provided by the Group

AmRest Holdings SE ("AmRest") manages 8 restaurant brands in 13 countries of Europe, Asia and North America. Every day over 17 thousand AmRest employees deliver delicious taste and exceptional service at affordable prices, in accordance with our culture — "Wszystko Jest Możliwe!" ("Everything is possible!").

As at 23 August 2013, AmRest manages 697 restaurants in two restaurant sectors: Quick Service Restaurants (QSR) – KFC, Burger King and Starbucks, and Casual Dining Restaurants (CDR), restaurants with full waiting service – Pizza Hut, La Tagliatella, Blue Frog, KABB and Stubb's.

AmRest restaurants provide on-site catering services, take away services, drive-in services at special sales points ("Drive Thru"), and deliveries for orders placed by telephone. The AmRest restaurant menus include brand dishes prepared from fresh products in accordance with original recipes and with KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog, KABB and Stubb's restaurants standards.

AmRest is a franchisee of Yum! Brands Inc. for the KFC and Pizza Hut brands. Burger King restaurants also operate on a franchise basis following an agreement concluded with Burger King Europe GmbH. Starbucks restaurants are opened by joint-venture companies AmRest Coffee (82% AmRest and 18% Starbucks), which have the rights and licenses to develop and manage Starbucks restaurants. The La Tagliatella brand is the private label of AmRest which became part of the portfolio in April 2011. La Tagliatella restaurants are operated both by AmRest and by entities which operate restaurants on a franchise basis. The Blue Frog and KABB brands became the property of AmRest in December 2012 as a result of purchase of a majority stake in Blue Horizon Hospitality Group LTD. The Stubb's restaurant has operated since 28 January 2013 under a joint venture agreement with AmRest HK Limited (79% AmRest, 21% Stubb's Asia Ltd.).

2.2. Quick Service Restaurants (QSR)

Established in 1952, KFC is currently the largest and fastest growing quick service chain, specialised in chicken dishes. KFC has over 15,000 restaurants spread across 109 countries.

In 2013, KFC continues to strengthen its position in the fast food restaurants sector in Central and Eastern Europe. Although the economic situation in this segment is quite challenging, KFC restaurants are visited by a larger number of guests than in the previous year.

Since the beginning of the year 10 new restaurants have been opened in Poland, Czech Republic and Hungary. A larger number of openings is scheduled for the second half of the year. Renovations of existing restaurants are carried out systematically, during which, apart from the new design, new solutions for guest service are introduced (e.g. separating tills from meal reception counters) along with improvements for increase in the efficiency and comfort of the staff. The current strategy of opening new restaurants includes restaurants located in shopping centres and stand-alone Drive Thru restaurants , which will constitute the largest share of new facilities. These restaurants will be located in large and medium-sized cities (about 50,000 inhabitants), and along expressways and highways.

Despite the observed increase in food prices this year, KFC in Poland decreased prices of some key products (including one of the most recognizable products in this sector, mainly the "B-Smart"). The brand also increased the share of low-cost products in its offer while maintaining their high quality. In this category, products such as the “Rocker” and the whole range of twists were among the most popular ones. These actions, designed to ensure customer loyalty and increase the number of transactions resulted in a short-term decline in the margin. At the same time, KFC continues to promote other product categories such as boxes — single sets, and buckets — the most popular choice among families and groups of friends.

Among the KFC operational initiatives, one which deserves particular recognition is “Lean”, which systematically helps to improve restaurant functioning by increasing involvement of all employees in improving satisfaction of the restaurants’ guests. This programme has already helped to improve the speed of service and reduce operational costs. Since the beginning of this year, each KFC restaurant in Central Europe has introduced a system of collecting customer feedback on a monthly basis, designed to enable continuous improvement of the restaurants’ operational efficiency.

In 2013, KFC restaurants in Poland continue to implement the “Able in AmRest” initiative, connected with hiring people with disabilities. The brand also supports the Foundation for Corporate Social Responsibility, which has already founded more than 5 million hot meals to the poorest children from north-west Poland. In Szczecin, the first KFC restaurant in Central and Eastern Europe was opened, where the majority of staff are people with hearing impairment.

In Russia in the first half of the year, 5 restaurants were opened. By the end of the year, the Russian market will see about 10 more restaurant openings.

As at the date of this report, the Company operates 364 KFC restaurants: 170 in Poland, 63 in the Czech Republic, 62 in Russia, 31 in Spain, 26 in Hungary, 5 in Serbia, 4 in Bulgaria and 3 in Croatia.

The beginnings of Burger King date back to 1954. Today, Burger King (“Home of the Whopper”) operates over 12,600 restaurants, serving about 11 million customers in over 80 countries every day. 95% of Burger King restaurants are run by independent franchisees and many of them have been managed for decades as family businesses.

In March 2013, Burger King launched the “Taste is king” advertising campaign which includes also a TV commercial. One of the crucial elements of the campaign is popularising the “value” offer, which gives the restaurants’ guests a chance to taste our excellent burgers at a very attractive price. Whopper Junior, a bit smaller version of our flagship product, is one of the campaign’s highlights. Results of the first stage of the campaign were very satisfactory. In Q1 2013, the brand noted a double-digit sales increase.

Current popularity of burgers on the Polish market additionally spins the brand’s growth. Burgers are starting to be perceived as a “slow food” dish as the awareness of their quality and nutritional values has significantly changed. McDonald’s 25-year-long dominance in this field is not so apparent any more, as burgers acquire new consumers’ values.

During the rest of the year 2013, Burger King will continue to implement its “Bigger, Better Burger” strategy, emphasising its products advantages in terms of taste and size as compared to the brand’s competitors. At the

end of the year, there are plans to introduce a new “premium” product that will add to the abovementioned campaign.

AmRest plans further development of Burger King chain with 3–4 new restaurants opened annually. Increasing the brand’s profitability remains the top priority.

As at the day of this report, AmRest operates the total of 34 Burger King restaurants – 26 in Poland, 7 in the Czech Republic and 1 in Bulgaria.

Starbucks is the world leader in the coffee sector with more than 19,000 stores in over 60 countries. It offers a broad selection of coffees from different parts of the world, as well as teas, soft drinks and a wide range of fresh snacks and desserts. The store designs and their atmosphere refer to the coffee heritage and reflect the culture of the neighbourhood. AmRest Coffee (a joint venture between Starbucks Coffee International and AmRest Holdings) currently operates Starbucks stores in Poland, Czech Republic and Hungary.

Brand growth strategy assumes increasing the market share in a disciplined manner, by improving sales in existing restaurants and by opening new stores.

Sales revenues generated by Starbucks in the 1st half of 2013 were higher than in the same period of the previous year. The main contributor to the improvement in the results were an increase in sales in the Czech Republic and Hungary and new openings. Results on the Polish market are stable despite VAT increases.

In 2013, Starbucks has expanded its offer with some innovative products. With VIA and Refresha, the brand lovers will be able to enjoy their favourite coffee at home and while travelling. Starbucks VIA is very finely ground instant coffee, which allows guests of the store to take their delicious coffee in a convenient sachet while on a journey. Refresha drinks is a new platform of products, which, thanks to a dose of caffeine from green coffee extract give our customers excellent refreshment and “battery recharge”.

Following the new concept adopted last year, all baristas serve coffee following the principles of the “Latte Art” which enhances the presentation and taste of each espresso based beverage.

Starbucks Loyalty Card was introduced in Poland and the Czech Republic and welcomed by the brand lovers with great enthusiasm. Loyalty programme is designed to increase customer loyalty and frequency of their visits to Starbucks by offering them various benefits. The cards are widely accepted in all stores in each country. Customers who register their cards can enjoy a variety of benefits.

The brand plans to expand while maintaining its competitiveness and focusing on long-term development.

As at the day of publication of this report, AmRest Coffee operates 58 stores (33 in Poland, 16 in the Czech

Republic and 9 in Hungary). Among the newly opened locations one is especially worth mentioning: a unique store opened in Prague in the famous area of Hradcany, which offers its guests stunning views of the city while sipping their favourite beverage. The brand development will be focused on the existing markets: Polish, Czech and Hungarian.

Starbucks, together with its partners and customers, is involved in a number of projects providing support to communities living in districts, cities and countries in which it operates. Over the past 5 years, over 5,000 hours were assigned to these projects (mainly during the "Global Month of Service").

In the future, the brand plans to develop while remaining loyal to its values, the company's strategy and business practices.

2.3. Restaurants in the Casual Dining Restaurants (CDR) segment

La Tagliatella®

Despite the continuous difficult macroeconomic situation in the country, results of La Tagliatella restaurants in Spain during the first half of 2013 were good. In restaurants tested in new markets, despite the negative financial results, we can already see improvement in trends together with gaining recognition among local visitors.

Observing the results Tagliatella restaurants and the restaurant sector as a whole, one can assume that the Spanish economy has begun gradually stabilising after reaching the bottom of the cycle. Sales trends in comparable restaurants have improved and stabilised at low single-digit declines. Despite the above-mentioned sales declines in comparable restaurants, sales margin generated by La Tagliatella remains around 20% due to its unique business model based on a central kitchen. In addition, it is worth noting that all the new openings meet the internal criteria of profitability and achieve over 20% IRR.

In the second half of the year, there are plans for opening next 5 own restaurants and 3 run by franchisees. Within the next 3–4 years, the number of La Tagliatella restaurants operating on the Spanish market is supposed to exceed 200.

After the successful launch of the brand in five new test markets, intensive actions are carried out in order to adapt those restaurants to local tastes and preferences of our guests. Developing complete restaurant management teams in each market is an additional challenge. In the opinion of the Management Board, La Tagliatella restaurants have huge potential for development in the test markets both as own restaurants and as facilities operated by franchisees.

Currently, AmRest operates 161 La Tagliatella restaurants — 144 in Spain, 5 in France, 3 in Germany, 4 in the U.S., 3 in China and 2 in India.

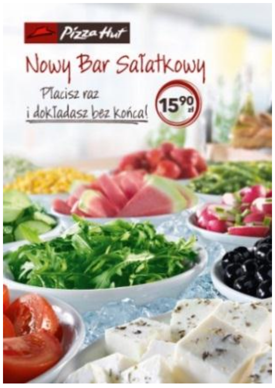
Pizza Hut is one of the largest casual dining restaurant chains in Europe. Inspired by the Mediterranean cuisine, it promotes the idea of having a good time while enjoying a meal together with family and friends. It is also the biggest brand in the Polish casual dining segment in terms of sales and the number of transactions. Pizza Hut's strong position is the effect of a consistently implemented "Pizza and much more!" strategy which consists in extending the brand's offer by adding new categories such as pastas, salads, desserts and starters while retaining the position of a leader and "pizza expert".

After a very successful 2012, Pizza Hut continues to implement its strategy of building the position of undisputed leader and pizza expert, while being a restaurant with a wide range of dishes for all budgets.

Beginning of the year was, as usual, marked by the Pizza Festival — very well-known and awaited by customers — when you pay only once (PLN 24) and you can taste all different types of pizza at your fill. This year for the first time customers could choose an offer with the Great Refill for PLN 29, which increased the average bill and thus improved the results of Pizza Hut. The offer was promoted via TV commercial and an Internet campaign under the slogan "Pizza Festival is back". Despite the unfavourable macroeconomic conditions in the first quarter of this year, we noted a double-digit sales growth, which is a good sign for the future.

PAN Thick Crust is a showcase of Pizza Hut. This year, on the occasion of the 20th anniversary of the brand presence on the Polish market, a campaign was made to promote this type of dough, emphasising its uniqueness and the fact that it is freshly prepared daily on-site (in restaurants).

A TV commercial was produced with the utmost diligence, comparing the making of the dough almost to creating art. The commercial, which was made in Poland, received positive feedback from the customers and encouraged them to visit the restaurants.



Research conducted in 2012 indicated that both existing and potential consumers of the brand, in addition to excellent pizza, expect to see some other dishes, especially somewhat "lighter" menu choices. That is why, for the second year in a row, Pizza Hut is promoting an offer with light meals related to Tuscany type pizza on a thin crust, excellent salads and lemonades. After last year's success, also the first half of this year resulted in double-digit increases in sales, with some products permanently included in the Pizza Hut menu. During summer, we re-introduced the second Pizza Hut flagship offer, mainly the "Pay once, all you can eat" salad bar. This year's edition was significantly improved in terms of visual aesthetics of salad bars as well as the introduction of new "premium" ingredients to the offer, such as olives and cheese.

To increase the scale of action, the brand is also focused on increasing sales in the "take-away" channel. In order to achieve this, a very attractive offer has been introduced. On Mondays, any take-away pizza costs only PLN 19.90 and on Wednesdays with each pizza bought you can get a second, cheaper one for only 1 PLN. Introducing the offer on only two days a week resulted in sales boost in this channel by nearly 30%. The aim of the brand is a 50% increase in sales of the take-away channel in 2013 and that is why offers for the remaining days of the week are currently being prepared.

Pizza Hut is also looking at opportunities for better management of the times of the day where customer traffic is smaller. New "After hours" offer is aimed at price-sensitive consumers. All appetizers at half price and 2 for 1 beer offer will allow the restaurants to attract customers from Monday to Thursday after 7 p.m. Times of the Day Management Strategy and the strategy of attracting more consumers off-peak hours will be continued in the second half of the year and in 2014.

The second half of 2013 will see another edition of offers for students "A set and a drink from PLN 9.90" and the return of Pizza Korona, which was a best seller in 2011. This time, in addition to different cheese variants, consumers will have the opportunity to try the meat versions.

As at the day of publication of this report, Pizza Hut operates 69 restaurants – 57 in Poland, 10 in Russia and 2 in Hungary.

Inclusion of the Blue Horizon Hospitality Group to AmRest structure in 2012 enriched the CDR segment brand portfolio with two new positions operating in the Chinese market.

- Blue Frog Bar & Grill — restaurants serving grilled dishes from the American cuisine in a nice atmosphere.
- KABB Bistro Bar — premium segment restaurant, serving "western cuisine" dishes and a wide selection of wines and drinks.

Both the Blue Frog and KABB enjoy a good reputation among guests and developers, and attract customers who are looking for a "bar&grill" western style restaurant serving the highest quality cuisine. Most of the guests are regular visitors who treat our restaurants as a place where every day they can enjoy their favourite dishes in a friendly atmosphere.

Blue Horizon, the group of companies running the two brands, was founded in 2001 in Shanghai by an American with a long experience in doing business in China. Over the years, he gathered around him a group of managers who now form an experienced team managing the KABB and Blue Frog restaurants.

Restaurants operated by Blue Horizon in the first half of 2013 generated a double-digit growth despite the observed slowdown of the Chinese economy. One restaurant which should especially be mentioned is the Blue Frog in Nanjing, which generated results significantly above assumptions and currently generates income, which was expected to be made at the end of 2014.

There are plans to open seven new restaurants in the second half of 2013. Due to good relationships with the owners of the leading shopping centres, Blue Horizon team managed to book the best locations in cities such as: Beijing, Shanghai, Wuxi, Chengdu and Dalian. For the year 2014 we are planning further six openings. Some lease agreements have already been signed, which provides a strong basis for further development.

In 2012 and 2013, the Blue Horizon team also worked on the development of the infrastructure necessary to achieve sustainable growth without sacrificing the quality of the brand. These activities included the opening of a new central kitchen and implementation of AmRest proprietary operating system, DOS +.

As at the date of this report, Blue Horizon has operated 10 Blue Frog restaurants and 1 KABB restaurant.

3. Supplier chain

The first half of 2013 was quite turbulent for commodity markets. Situation on the chicken market in Poland is still difficult for various reasons including high fodder prices and low profitability of chicken farming, which leads to reduction of flocks and rising prices. A similar situation can be observed on the pork market, where a decline in the profitability of farming was noted last year. Milk market is also experiencing a period of price increases mainly due to the growing demand for powder milk on the world markets. Despite this situation AmRest managed to keep the prices at a level which enables the execution of the plan. It was possible mostly due to:

- Long-term relationships with suppliers,
- Co-operation with manufacturers who have control over the commodity and implement the latest technologies,
- Long-term contracts concluded at the most favourable period, through constant tracking of trends in commodity markets,
- Consolidation of purchases between markets,
- Change of the distributor in the Czech Republic at the end of last year.

Current harvest forecasts on a global scale are optimistic and should have a positive impact not only on the price of cereals and cereals-based products, but also indirectly on the price of chicken, beef and pork. Forecasts are positive also for the harvest of rapeseed and soybean, which should have a positive impact on the price of oil produced from these ingredients. However, we have to remember about the activities of investment funds and the growing demand observed in Asian markets (especially in China), which may impact the overall situation in the commodity markets, causing price turmoil despite positive forecasts. The final assessment of the situation will only be possible after the harvest period on global markets. The strategy pursued by AmRest for many years has largely based on building long-term relationships with suppliers, which allows for optimal product pricing and minimising the adverse factors causing turbulence in the commodity markets.

The principle assumptions of AmRest group strategy in the field of product purchase for the coming period are:

- Following the situation in commodity markets during the harvest period in order to make all decisions in the most favourable moment,
- Working to increase key suppliers manufacturing efficiency,
- Extending the range of new products in order to increase the attractiveness against the competition,
- Increasing the share of local suppliers in order to increase competitiveness and reduce the exchange rate risk,
- Consolidation of purchases in order to increase the scale.

The list of the largest suppliers of AmRest:

1. Eurocash S.A. — distributor in Poland,
2. Quick Service Logistics Czech s.r.o. — distributor in the Czech Republic,
3. Roldrob S.A. — supplier of chicken products in Poland,
4. Drobimex Sp. z o.o. — supplier of chicken products in Poland,
5. OOO RBD Distribution — distributor in Russia,
6. LDS Disztribútor Szolgáltató Kft. — distributor in Hungary,
7. Vodnanská drůbež, a.s. — supplier of chicken products in the Czech Republic,
8. Przedsiębiorstwo Drobiarskie Drobex Sp. z o.o. — supplier of chicken products in Poland,
9. PPHU Konspol- Bis Sp. z o.o. — supplier of chicken products in Poland,
10. OOO Alligator — distributor in Russia.

4. Management and Supervisory Board members

Management Board:

Mark Chandler

Wojciech Mroczyński

Drew O'Malley

Supervisory Board:

Henry McGovern — Chairman

Peter A. Bassi — Vice-Chairman

Per Steen Breimyr

Raimondo Eggink

Robert Feuer

Joseph P. Landy

Bradley D. Blum

As at the day of publication of this report, the above lists reflect the current composition of the Supervisory Board and the Management Board. Personal changes in the composition of the Supervisory Board and the Management Board in the period between 1 January 2013 and the day of publication of this report have been described in item 5.1.

5. Information relevant for the evaluation of human resources, financial situation and financial results of the Company

5.1. Significant staff changes

On 27 June 2013, the Board of AmRest Holdings SE (the "Company") announced that in the current calendar year the three-year term of office of two members of the Board of the Company, mainly Mr Mark Chandler and Mr Drew O'Malley has come to an end during the General Shareholders Meeting, which took place the same day (on 27 June 2013). The legal basis for the above-mentioned expiry of mandates was Article 369 §4 of the Code of Commercial Companies of September 15, 2000 (Journal of Laws, 2000.94.1037, as amended).

Consequently, after 27 June 2013 the Management Board comprised only Wojciech Mroczyński.

Complement of the Management Board by appointing its new members was to take place at the next meeting of the Supervisory Board.

On August 1, 2013, AmRest informed that on July 31, 2013, the Supervisory Board of AmRest adopted a resolution to re-appoint Mr Mark Chandler and Mr Drew O'Malley as members of the Management Board of AmRest. The resolutions came into force on the date of adoption.

Information on appointed members of the Management Board:

Mark Chandler

Mr Mark Chandler graduated from mathematics and economics at Whitman College. He also obtained an MBA in marketing and finance at Columbia University in the USA.

Mr Chandler started working with the Issuer's Group in 2008 as CFO (Chief Financial Officer). He has extensive experience in finance, management and business development.

Earlier in his career, Mr Chandler worked as CFO in Waytronix Inc. (currently CUI Global Inc.), a public company operating in the IT sector. For 23 years he worked at Sara Lee Corporation, where he held various management functions, including the CEO of business development in Europe, and being a member of the Management Board of Sara Lee Apparel Europe. He started his career at American Express and General Foods.

Mr Chandler informed that, in his opinion, he did not conduct any activities competitive to those conducted by the enterprise and he did not participate in an AmRest competitor as a partner, shareholder or member of a corporate body. Mr Chandler is not listed in the Register of Insolvent Debtors.

Drew O'Malley

Mr Drew O'Malley graduated from Georgetown University in Washington and completed a MBA course at the University of Michigan Business School.

Mr O'Malley was one of the first employees of AmRest; he has worked for the company since 1994 and held many management functions for the Issuer, such as: Marketing Director, Czech Operations Director, KFC Brand President, Managing Director of Starbucks and Chief Operating Officer. Currently, Mr O'Malley has been appointed the CE Division President.

Previously, he had worked at McKinsey & Company, American Express Company and Citibank.

Mr O'Malley informed that, in his opinion, he did not conduct any activities competitive to those conducted by the enterprise and he did not participate in an AmRest competitor as a partner, shareholder or member of a corporate body. Mr O'Malley is not listed in the Register of Insolvent Debtors.

On June 26, 2013, the Board of AmRest informed that on June 25, 2013 it was notified of the resignation of Mr Jan Sykora from the position of Member of AmRest Supervisory Board with immediate effect.

On June 27, 2013, the Board of AmRest informed that on June 27, 2013 it was notified of the resignation of Mr Jacek Kseń from the position of Member of AmRest Supervisory Board as of June 27, 2013.

On June 27, 2013, the General Shareholders Meeting of AmRest, acting pursuant to Article 385 §1 of the Code of Commercial Companies in connection with Article 9 and Article 53 of the Council resolution (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company, §9, section 3 and Resolution No. 12 dated June 30, 2010 of the General Shareholders Meeting of the Company on the number of members of the Supervisory Board, appointed Peter A. Bassi and Bradley D. Blum as members of the Supervisory Board. The resolutions came into force on the date of adoption. The candidacy of both Mr Peter A. Bassi and Mr Bradley D. Blum was proposed by one of the shareholders of the Company, Warburg Pincus Holdings VII BV, with its registered office in Amsterdam.

On July 31, 2013, the Supervisory Board of AmRest adopted a resolution to appoint Mr Peter A. Bassi as
Vice-Chairman of the Supervisory Board of AmRest. The resolution came into force on the date of adoption.

Information on appointed members of the Supervisory Board:

Peter A. Bassi

M Peter A. Bassi recently held a position of the managing director and partner at Verto Partners LLC. In the years 1997–2005, Mr Bassi was the president and the chairman of the Board of directors at YUM! Restaurants International (YRI) and was responsible for more than 12,000 restaurants located in over 100 countries. He was also responsible for YRI business in Asia.

Previously, Mr Bassi, he held various management positions at PepsiCo and YRI (including the position of Executive Vice-President and CFO), working for Pepsi-Cola Company, PepsiCo Restaurants International, Frito-Lay, Pizza Hut and Taco Bell. He joined the Pepsi-Cola Company in 1972.

Currently, Mr Bassi is a member of two Boards of Directors: at BJ's Restaurants Inc., where he works as an independent director (and is a member of the Audit and Remuneration Committees), and at Potbelly Sandwich Works, where he chairs the Audit Committee. Previously, he was a member of the Board of Directors of EPL Intermediate Inc.(2008–2009) and Pep Boys - Manny, Moe & Jack (2002–2009).

Mr Bassi received a Bachelor of Science in Mathematics and an MBA in Finance at the University of Rhode Island.

Mr Peter A. Bassi informed that in his opinion activities conducted by him outside the Issuer’s enterprise are not competitive to those conducted by him within the Issuer’s enterprise and he does not participate in an AmRest competitor as a partner, shareholder or member of a corporate body, nor is he listed in the Register of Insolvent Debtors.

Bradley D. Blum

Mr Bradley D. Blum is the founder and owner of Blum Enterprises. As the president of the board, Mr Blum managed to restore the profitability of many companies. Chairing at Olive Garden (1994–2002), Burger King (2002–2004) and Romano's Macaroni Grill (2008–2010) are the best proof of his excellence in the creation of added value.

Mr Blum received many awards in the restaurant industry, including MUFSO Operator of the Year, Golden Chain Award in 2000 and Menu Masters Innovator of the Year in 2010.

At the beginning of his career, Mr Blum worked as a marketing director in General Mills. He played a key role in the establishment of Cereal Partners Worldwide (CPW), a joint venture between Nestle and General Mills.

Mr Blum is the owner of Dogmatic, a restaurant opened in 2008 in New York. At the beginning of 2012, Mr Blum was a member of the Board of Directors, a strategic partner and investor in Leon restaurants. He is also a chairman of the Board of Directors in the Boundary Waters Brands.

Mr Blum was a member of the Board of Experts at Sun Trust Bank and Chairman of the Economic Development Council of Winter Park, Florida. Currently he is a member of several Boards of Directors of non-profit organisations: Board of Trustees of the Atlantic Centre for the Arts in Florida; Board of the Himalayan Youth Foundation, Board of the Dr Phillips Performing Arts Centre.

Mr Blum earned his Bachelor of Arts degree in economics and urban studies at Denison University and an MBA in Marketing and Finance at the Northwestern University's Kellogg Graduate School of Management.

Mr Bradley D. Blum's informed that in his opinion activities conducted by him outside the Issuer's enterprise are not competitive to those conducted by him within the Issuer's enterprise and he does not participate in an AmRest competitor as a partner, shareholder or member of a corporate body, nor is he listed in the Register of Insolvent Debtors.

5.2. Financial position of the Company

TABLE 1KEY FINANCIAL DATA OF AMREST (FIRST HALVES OF 2013–2011)

in PLN thousand, unless otherwise stated	**30 June 2013**	**30 June 2012***	**30 June 2011**
Sales revenue	1,274,267	1,112,766	786,026
Operating profit before amortization and depreciation (PLN '000 EBITDA)	106,855	137,120	93,591
Operating margin before amortization and depreciation (EBITDA margin)	8.4%	12.3%	11.9%
Operating profit (loss) (PLN '000)	7,464	49,758	34,161
Operating margin (EBIT margin)	0.6%	4.5%	4.3%
Net profit (loss) for the AmRest shareholders (PLN '000)	42,771	18,616	18,459
Net margin	3.4%	1.7%	2,3%
Equity	1,154,864	1,025,566	849,391
Return on equity (ROE)	10.0%	4.0%	4.6%
Total assets	2,697,687	2,624,856	2,283,588
Return on assets (ROA)	4.3%	1.5%	1.9%

*converted data

Definitions:

- Operating margin after amortization and depreciation — operating profit before amortization and depreciation (EBITDA) to sales;
- Operating margin — operating profit to sales;
- Net profitability — net profit to sales;
- Return on equity (ROE) — net profit to equity;
- Return on assets (ROA) — net profit to assets;

TABLE 2LIQUIDITY ANALYSIS (IN THE YEARS 2013–2012)

in PLN thousand, unless otherwise stated	**30 June 2013**	**31 December 2012**	**30 June 2011**
Current assets	388,547	370,469	543,088
Inventories	44,255	42,036	37,186
Short-term liabilities	572,233	519,265	344,456
Quick ratio	*0.6*	0.6	1.5
Current ratio	*0.7*	0.7	1.6
Cash and cash equivalents	243,842	207,079	147,274
Cash ratio	*0.4*	0.4	0.4
Inventory turnover (in days)	*6.1*	6.0	6.4
Trade and other receivables	62,551	90,983	54,185
Trade receivables turnover (in days)	*10.8*	10.2	11.4
Operating ratio (cycle) (in days)	*16.9*	16.2	17.8
Trade and other payables	347,038	320,485	222,261
Trade payables turnover (in days)	*47.1*	40.4	42.9
Cash conversion ratio (in days)	*-30.2*	-24.2	-25.1

Definitions:

- Quick ratio — current assets net of inventories to current liabilities;
- Current ratio — current assets to current liabilities;
- Cash ratio — cash and cash equivalents to current liabilities at the end of the period;
- Inventories turnover ratio (in days) — average inventories to sales multiplied by the number of days in the period;
- Trade receivables turnover ratio (in days) — average trade receivables to sales multiplied by the number of days in the period;
- Operating ratio (cycle) (in days) — total of inventories turnover and receivables turnover;
- Trade payables turnover ratio (in days) — average trade payables to sales multiplied by the number of days in the period;
- Cash conversion ratio — difference between the operating ratio (cycle) and the trade payables turnover ratio.

TABLE 3GEARING ANALYSIS (IN THE YEARS 2013–2012)

in PLN thousand, unless otherwise stated	30 June 2013	31 December 2012	30 June 2011
Non-current assets	2,309,140	2,175,994	2,081,768
Long-term liabilities	970,590	957,432	1,254,834
Debt	1,018,617	793,082	948,919
Share of inventories in current assets (%)	*11.39%*	*11.35%*	*6.80%*
Share of trade receivables in current assets (%)	*16.10%*	*24.55%*	*10.00%*
Share of cash and cash equivalents in current assets (%)	*62.76%*	*55.90%*	*27.10%*
Fixed assets to equity ratio	*0.5*	*0.5*	*0.5*
Gearing	*0.6*	*0.9*	*0.6*
Long-term gearing ratio	*0.8*	*1.4*	*1.2*
Liabilities to equity ratio	*1.3*	*0.7*	*1.6*

Definitions:

- Debt – total of long-term and short-term loans and borrowings;
- Share of inventories, trade receivables, cash and cash equivalents in current assets – ratio of, respectively, inventories, trade receivables and cash and cash equivalents to current assets;
- Equity to fixed assets ratio – equity to fixed assets;
- Gearing – total liabilities and provisions to total assets;
- Long-term gearing – long-term liabilities to total assets;
- Liabilities to equity – liabilities and provisions as at the end of a given period to equity.

In view of the growing importance of the operations performed on markets where the possibility of La Tagliatella expansion is tested, the Management Board decided to divide the "New Markets" segment in the Spanish Division. The current form of presenting the results generated on the test markets will allow the market participants to better understand the situation in China, India, France, Germany and the U.S.

SALES

Sales of the AmRest Group in the first half of 2013 amounted to PLN 1,274 million. This represented an increase of almost 15% compared with the respective period of 2012.

Revenue in the second quarter of 2013 amounted to PLN 665 million, with the growth of 17% against the previous year. The sales in local currencies increased by 16%.

The consolidation of results generated by AmRest in the New Markets amounting to over PLN 61 million most significantly affected the dynamic increase of revenue in the first half of 2013. The Blue Frog and Kabb brands restaurants belonging to the Blue Horizon group which was taken over in December 2012 added over PLN 50 million to the Group's turnover. In the second quarter, the Blue Horizon group revenues continued double-digit growth in the comparable restaurants, the trend that was observed also in the first three months of 2013.

The Russian division revenue increased in the first half of 2013 by almost 27%, up to PLN 187 million. Similar dynamics was observed in the second quarter. The significant growth is a result of both the maintained double-digit growth rate of sales in the comparable restaurants as well as opening the new restaurants – 11 KFC restaurants were opened in the Russian division during the last four quarters.

The sales in CEE increased in the first half of 2013 by 6%, up to PLN 755 million. Revenue in the second quarter grew by 10%, up to the amount of PLN 395 million. The increase in revenue despite the continued weakness in sales in the comparable restaurants was possible due to the large number of restaurants opened in the region – i.e. 39 openings over the last four quarters.

The revenue in the Spanish division increased by 5%, up to PLN 271 million in the first half of 2013. The sales in the second quarter grew by 6%, up to the amount of PLN 136 million. The sales in comparable restaurants still represent one-digit decrease. However, it is worth stressing that very good results are observed in the newly opened restaurants thanks to the very selective strategy of opening new locations.

PROFITABILITY

The EBITDA profit amounted to PLN 107 million in the first half of 2013. Its decrease from PLN 137 million generated in the second half of the previous year results mainly from the PLN 28 million loss observed in the New Markets. The analogical situation took place in the second quarter of 2013. The EBITDA profit dropped from PLN 69 million to PLN 55 million in the last quarter, mainly due to the loss amounting to PLN 17 million resulting from the costs related to the expansion of the La Tagliatella brand in China, India, Germany and in the U.S.

The EBITDA margin generated in the first half of 2013 by the AmRest Group amounted to 8.4%, compared with 12.3%
in the same period of 2012. In the second quarter the margin reached 8.2%.

The restaurants operating in the Spanish market generated margin of 19% in the first half of 2013 and 20% in the second quarter. The very high margins reached despite the lower sales in comparable restaurants are the effect of the unique business model of La Tagliatella, based on the central kitchen – adding next restaurants to the system helps in better use of assets of the central kitchen and allows for higher margins.

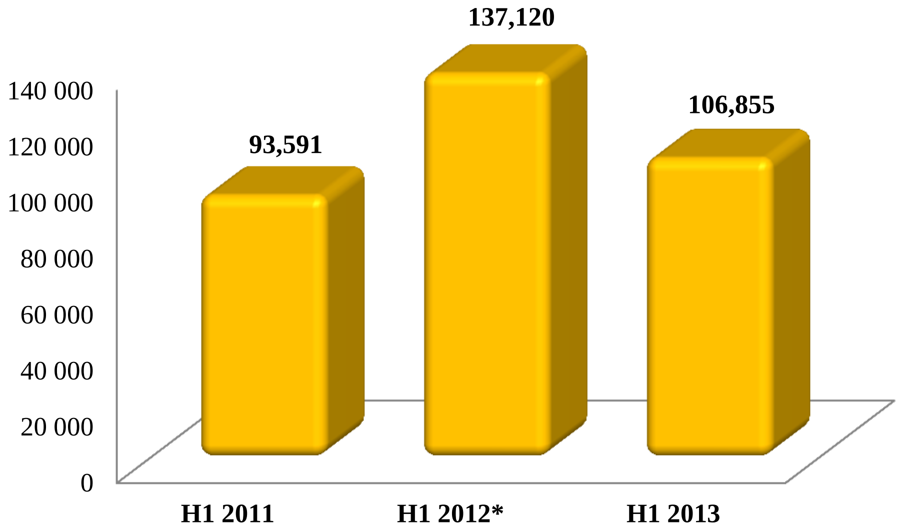
Despite the strong, almost 15% nominal increase in EBITDA profit, the restaurants operating on the Russian market observed drop in margins both in the second quarter and in the total half of the year. The drop in margins results from higher labour costs. Currently, intensive works are performed aiming at increasing effectiveness of the restaurants teams and reduction of cost by at least 1 p.p.

A drop in margins in the CEE division was observed in the second quarter. The EBITDA profitability dropped to 9.7%
in the last quarter and to 9.3% in the first-half period. The deterioration in the CEE region margins results from the maintained less effective sales in the comparable KFC restaurants, i.e. in the largest brand of the AmRest portfolio. Due to the growing interest of guests in the "value" offer the drop in average calculation was observed while the number of transactions was maintained. This caused a deterioration in the costs structure as well as decreased margins. In the opinion of the Management Board, profitability reflects the economic situation in the CEE, therefore its increase may be expected together with the improving economic results of the region.

The other brands of the CEE division observed improved results despite difficult economic conditions. The Pizza Hut restaurants continue strong growth in sales in the comparable restaurants which leads to improvement of margins. Similar trends are observed in the Burger King restaurants and in the Starbucks coffee shops where EBITDA level profit was observed in the first half of 2013.

EBITDA loss in the "not allocated" segment results from settlement of costs related to takeovers including the legal costs of the Restauravia group minority shareholders buyout.

CHART 5 EBITDA IN THE FIRST HALF OF THE YEARS 2011–2013 (PLN '000)



**converted data*

NET RESULT

In the first half of 2013, the net result for the AmRest shareholders increased by 84% up to PLN 42 million from PLN 23 million in the second half of the previous year. The strong growth in profit despite the operating results being worse than in the previous year resulted mainly from the positive effect of the put option settlement of the Restauravia group minority shareholders. As a result of earlier exercising of this option the buyout of minority shares was less expensive than initially expected. This allowed for recognising profit in the amount of PLN 63 million. Another one-off factor adding up to the net profit was the loss in the amount of almost PLN 13 million on discontinued operations, resulting from the sales results of the Applebee's restaurants being worse than the initial assumptions.

DEBT RATIOS

The liquidity ratios are at levels ensuring smooth operating activities and their relatively low level is related to the restaurant industry specifics. The generation of excess cash on a current basis allows efficient servicing of the existing debt and financing of the planned capital expenditure.

Share capital increased to PLN 1,155 million, from PLN 1,070 million at the end of 2012. The net debt to adjusted EBITDA ratio as at the end of the first half of 2013 amounted to 2.9.

TABLE 4 REVENUES AND MARGINS GENERATED ON THE PARTICULAR MARKETS IN THE FIRST HALVES OF 2013 AND 2012

	H1 2013			H1 2012		
		revenues share	*margin*		*revenues share*	*margin*
Sales	**1,274,267**			**1,112,766**		
Poland	*520,445*	*40.8%*		*492,406*	*44.3%*	
Czech Republic	*164,554*	*12.9%*		*158,578*	*14.2%*	
Other CEE	*69,812*	*5.5%*		*56,542*	*5.1%*	
Total CEE	**754,811**	***59.2%***		**707,526**	***63.6%***	
Russia	**186,655**	***14.7%***		**147,201**	***13.2%***	
Spain	**271,320**	***21.3%***		**257,744**	***23.2%***	
New Markets	**61,481**	***4.8%***		**295**	***0.0%***	
EBITDA	**106,855**		***8.4%***	**137,120**		***12.3%***
Poland	*51,381*		*9.9%*	*54,782*		*11.1%*
Czech Republic	*16,969*		*10.3%*	*21,234*		*13.4%*
Other CEE	*2,078*		*3.0%*	*898*		*1.6%*
Total CEE	**70,428**		***9.3%***	**76,914**		*10.9%*
Russia	**20,754**		***11.1%***	**18,159**		*12.3%*
Spain	***51,815***		***19.1%***	***56,369***		*21.9%*
New Markets	***-27,991***		-	***-9,420***		-
Not allocated	**-8,151**		-	***-4,902***		-
Adjusted EBITDA[1]	**120,778**		**9.5%**	**147,699**		**13.3%**
Poland	*55,226*		*10.6%*	*59,428*		*12.1%*
Czech Republic	*18,397*		*11.2%*	*23,556*		*14.9%*
Other CEE	*2,689*		*3.9%*	*1,902*		*3.4%*
Total CEE	**76,312**		***10.1%***	**84,886**		***12.0%***
Russia	**22,708**		***12.2%***	**20,037**		***13.6%***
Spain	**52,324**		***19.3%***	**56,369**		***21.9%***
New Markets	**-23,375**		-	***-8,691***		-
Not allocated	**-7,191**		-	**-4,902**		-
EBIT	**7,464**		***0.6%***	**49,758**		***4.5%***
Poland	9,049		*1.7%*	17,628		*3.6%*
Czech Republic	*3,253*		*2.0%*	*4,572*		*2.9%*
Other CEE	*-3,779*		*-5.4%*	*-3,590*		*-6.3%*
Total CEE	**8,523**		*1.1%*	***18,610***		*2.6%*
Russia	**9,483**		*5.1%*	**8,534**		*5.8%*
Spain	**31,514**		*11.6%*	**36,940**		*14.3%*
New Markets	**-33,905**		-	***-9,423***		-
Not allocated	**-8,151**		-	**-4,903**		-

[1] EBITDA adjusted for new openings expenses (Start-up costs) and M&A expenses all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction.

5.3. Description of key domestic and foreign investments

The capital expenditure incurred by AmRest relates mainly to the construction of new restaurants and reconstruction as well as replacement of assets in the existing restaurants. The Company's capital expenditure depends mainly on the number and type of restaurants opened.

In 2013, capital expenditure was financed mainly from cash flows from operating activities.

The table below presents purchases of non-current assets as at 30 June 2013 and as at 30 June 2012.

TABLE 7 PURCHASES OF NON-CURRENT ASSETS IN AMREST HOLDINGS SE (FIRST HALVES OF 2013–2012)

In PLN'000	30 June 2013	30 June 2012
Intangible assets, including:		
Trademarks	-	-
Favourable lease agreements	-	240
Licences for the use of Pizza Hut and KFC trademarks	3,047	4,446
Goodwill	-	-
Other intangible assets	3,804	5,668
Fixed assets, including:		
Land	3,962	11
Buildings	48,301	55,284
Equipment	45,490	48,527
Vehicles	121	357
Other (including fixed assets under construction)	29,478	27,152
Total	134,203	141,685

TABLE 8 NUMBER OF AMREST RESTAURANTS (AS AT THE DATE OF PUBLICATION OF THE REPORT)

Countries	Brands	30 Dec 2010	30 Dec 2011	31 Dec 2012	23 August 2013
Poland	**TOTAL**	**206**	**256**	**279**	**286**
	KFC	121	150	163	170
	BK	19	27	28	26
	SBX	9	21	32	33
	PH	57	58	56	57
Czech Republic	**TOTAL**	**75**	**73**	**83**	**86**
	KFC	58	56	62	63
	BK	5	5	7	7
	SBX	12	12	14	16
Hungary	**TOTAL**	**21**	**29**	**34**	**37**
	KFC	16	21	25	26
	SBX	3	6	7	9
	PH	2	2	**2**	**2**
Russia	**TOTAL**	**50**	**55**	**66**	**72**
	KFC	39	44	56	62
	PH	11	11	10	10
Bulgaria	**TOTAL**	**5**	**5**	**6**	**5**
	KFC	2	2	4	4
	BK	3	3	2	1
Serbia	**TOTAL**	**3**	**4**	**4**	**5**
	KFC		4	4	5
Croatia	**TOTAL**	-	**1**	**2**	**3**
	KFC	-	1	2	3
Spain	**TOTAL**	-	**152**	**168**	**175**
	TAGE	-	35	47	48
	TAGF	-	85	89	96
	KFC	-	32	32	31
France	**TOTAL**	**-**	**2**	**5**	**5**
	TAGE	**-**	**-**	1	1
	TAGF	**-**	2	4	4
Germany	**TOTAL**	**-**	-	**2**	**3**
	TAGE	**-**	-	2	3
China	**TOTAL**	**-**	**-**	**12**	**15**
	Blue Frog	**-**	**-**	10	10
	KABB	**-**	**-**	1	1
	Stubb's	**-**	**-**	**-**	1
	TAGE	**-**	**-**	1	3
India	**TOTAL**	**-**	**-**	**-**	**2**
	TAGE	**-**	**-**	**-**	2
USA	**TOTAL**	**103**	**103**	**1**	**4**
	AB	103	103	**-**	**-**
	TAGE	**-**	**-**	1	4
Total AmRest		**463**	**680**	**662**	**698**

As at 23 August 2013, AmRest ran 698 restaurants, including 161 La Tagliatella restaurants, of which 100 were managed by franchisees. Compared with 31 December 2012, the Company runs 36 more new restaurants of which 19 are new openings in CEE, 6 are in Russia, 6 are new openings in Spain (including 5 franchisee openings) and 10 on New Markets.

TABLE 9 NEW AMREST RESTAURANTS

	AmRest equity restaurants	**AmRest franchisee restaurants**	**Total**
31.12.2012	**569**	**93**	**662**
New Openings	36*	5	**41**
Relocations	0	2	**2**
Closings	7	0	**7**
23.08.2012	**598**	**100**	**698**

**including opening of the first Stubb's restaurant*

5.4. Other information

On 8 June 2013, the Management Board of AmRest informed about executing on 7 June 2013 of the Share Purchase Agreement ("SPA") between AmRest Sp. z o.o., owned in 100% by AmRest (the "Buyer") and María Elena Pato-Castel Tadeo, David Gorgues Carnicé, Luis Miguel Burgaz Fernández, Angélica Rivera Campos, María José Michavila Escribano, Jesús Collado Rodríguez, José Roige Tamarit, Pablo Arredondo Braña, Juan Ramón Hernández López, Francisco-Javier Blasco Jiménez, i Juan José Castellvi Hermosilla as well as Kenvest Restoration S.L. and Ebitda Consulting S.L. (hereinafter jointly referred to as the "Minority Shareholders", or the "Sellers").

The object of the agreement was acquisition of 23.7% shares of AmRest TAG S.L. ("AmRest TAG") held by the Minority Shareholders for the total purchase prices of EUR 31.9 million by AmRest. As a result of the transaction AmRest was to become the 100% shareholder of AmRest TAG.

The Buyer and the Sellers agreed that the transaction would close by 26 June 2013 (the "Closing Date"). Closing the contract depended on the Buyer obtaining financing necessary for payment of the purchase price.

Ebitda Consulting S.L. ("Ebitda") undertook to invest net profit generated from the transaction into purchase of the AmRest shares (the "Amount of Investment in Shares"). The Buyer and Ebitda agreed on a mechanism of price adjustment in the manner allowing for both parties dividing each positive or negative difference between the Amount of Investment in Shares and the actual price paid by Ebitda for purchase of the AmRest shares. Ebitda undertook not to dispose of the AmRest shares in favour of the third parties within 2 years from the Closing Date (the "Lock-Up").

On 25 June 2013, the Management Board of AmRest informed about partial closing (the "Partial Closing") of the Share Purchase Agreement. The Partial Closing took place on 24 June 2013.

As a result of the Partial Closing, AmRest purchased 2,616,700 of the AmRest TAG shares for the total amount of EUR 29,608,840 and became the owner of 98.4% of its shares.

The remaining shares were due to be transferred until 28 June 2013.

On 29 June 2013, AmRest informed about the closing (the "Closing") of the Share Purchase Agreement. The Closing took place on 28 June 2013.

As a result of the Closing, AmRest purchased 183,300 of the AmRest TAG shares for the total amount of EUR 2,338,007 and became the owner of 100% of its shares.

On 19 June 2013, the Management Board of AmRest Holdings SE (the "Issuer") informed that on 18 June 2013 the Company issued bonds as part of the AmRest debt financing diversifying plan. The funds from the issue shall be used for the Company development.

AmRest issued 14,000 of paperless bearer bonds with the nominal value of one bond amounting to PLN 10,000 with the issue price 100% of the nominal value – the total value of the issue amounted to PLN 140,000,000.

All the bonds bear the interest based on the 6M WIBOR floating rate plus margin and their redemption date is 30 June 2018. The interest shall be payable in semi-annual periods (30 June and 30 December) starting from 30 December 2013. The issue of bonds was additionally hedged.

The value of obligations contracted by AmRest as at the last day of the quarter preceding the purchase option amounted to PLN 855 million. The estimated level of consolidated net gearing ratio to the period of total redemption of the bonds shall not increase 3.5 times the value of consolidated EBITDA profit for the period of the last 12 months.

The data enabling the potential Bondholder to be well informed about the effects of the undertaking, i.e. financing the Bonds issue and ability of the Issuer to perform the obligations resulting from the Bonds – is due to be included in the annual and interim financial statements of AmRest published at the Warsaw Stock Exchange and on the Issuer's internet website [www.amrest.eu].

6. Planned investment activities and assessment of their feasibility

AmRest has for many years continued its dynamic expansion through development of its basic business and by investing into the new sources of growth.

The main source of growth within the basic business is the opening new locations and increase in the sales generated by the already existing restaurants. Continued seeking of the new sources of growth in the form of new markets and brands allows for constant development of the Company's basis for growth. Acquisitions are one of the significant sources for broadening such basis. The growth strategy based on the two pillars shall be continued in the future.

The Company's priority within its basic operation shall be the further monitoring of the market through continued dynamic pace of opening new restaurants. The structure of new openings shall largely reflect the existing restaurants portfolio, with KFC and La Tagliatella having a dominant position. The main criteria in shaping the structure of new launches and acquisitions shall be improving the return on investments (ROIC) and construction of a strong basis for the long-term development of the Company. The geographic structure of the investment shall concentrate on the emerging markets with their high growth dynamics and low level of penetration in the catering industry.

A significant element of the AmRest investment operations shall be the global development of La Tagliatella brand. Currently, the Company tests the concept on four new markets which are promising for the brand, i.e. in China, India, Germany and the U.S. Taking into account the very attractive business model of the La Tagliatella brand, both for the client and in terms of return on investment, the possible success of the brand in the new markets may create significant growth opportunities and increase in value for shareholders. The first test openings are expected on all the four markets in the second half of this year. The financial model of the La Tagliatella brand was tested on very difficult and demanding Spanish market where the network's development shall be continued.

Next to the above mentioned investment criteria the Company will adapt on an on-going basis to the market conditions and to opportunities for obtaining new attractive locations in individual countries.

In order to improve ROIC, next to the operations optimising its business portfolio, AmRest implements the plan of cost-cutting of new launches. The plan will be based on more effective management of the investment process and reducing costs of its particular components. Current average cost of opening a new restaurant amounts to PLN 2.7 million and depends on its type and location.

According to the investment schedule, the Company is planning to continue its modernisation program regarding the existing locations. Total predicted amount of the investments this year will amount to PLN 400 million of which PLN 350 million will be allocated to new openings and PLN 50 million will be allocated to modernisations. The above amounts will not include the possible acquisition operations.

Similarly to the previous years, the AmRest investment program will be financed both from the own sources and through debt financing.

7. External and internal factors which are significant to the Company's development in 2013

The Management Board of AmRest believes that the following factors will have a significant effect on the Company's future development and results:

7.1. External factors

The external factors include:

- competitiveness – in terms of prices, quality of service, location and quality of food,
- demographic changes,
- trends as to the number of people using the restaurants,
- number and location of the competitors' restaurants,
- changes in the law and regulations which have a direct effect on the functioning of the restaurants and the employees employed therein,
- change in real estate rental costs and related costs,
- changes in the prices of ingredients used to prepare meals and changes in the prices of packaging materials,
- changes in the general economic condition in Poland, the Czech Republic, Hungary, Bulgaria, Russia, Serbia, Croatia, Spain, France, Germany, China, India and the United States,
- changes in consumer trust, the amount of disposable income and individual spending patterns,
- changes in legal and tax determinants,
- adverse changes on the financial markets.

7.2. Internal factors

The internal factors include:

- gaining and training the human resources necessary for the development of the existing and new restaurant networks,
- obtaining attractive locations,
- effective launching of new brands and products,
- building an integrated information system.

8. Basic risks and threats to which the Company is exposed

The Management Board of AmRest is responsible for the risk management system and the internal control system as well as for reviewing these systems for operating efficiency. These systems help identify and manage risks which may prevent the execution of the long-term objectives of AmRest. However, having these systems in place does not ensure complete elimination of the risk of fraud and violation of the law. The Management Board of AmRest performed a review, an analysis and a ranking of risks to which the Company is exposed. The main current risks and threats have been summarized in this section. AmRest reviews and improves its risk management and internal control systems on an on-going basis.

a) Factors remaining outside the Company’s control

This risk is related to the effect of factors remaining outside the Company's control on AmRest's development strategy which is based on opening new restaurants. Such factors include: opportunities for finding and securing available and appropriate locations for restaurants, the ability to obtain the permits required by relevant bodies, the possibility of delays in opening new restaurants.

b) Dependency on the franchisor

AmRest manages KFC, Pizza Hut, Burger King as a franchisee, and therefore a number of factors and decisions related to the business activities conducted by AmRest depend on the limitations or specifications imposed by the franchisor or on their consent.

The duration of the franchising agreements related to the KFC, Pizza Hut and Burger King brands is 10 years. AmRest has the option of extending this period for the next 10 years provided that it meets the conditions specified in the franchising agreements and other requirements, including the payment of the related continuation fee.

Despite meeting the above-mentioned terms, there is no guarantee that after the expiry of these periods a given franchising agreement will be prolonged to the next period. In the case of KFC and Pizza Hut restaurants, the first period commenced in 2000, in the case of Burger King, the first period commenced in 2007 with the opening of the first restaurant of this brand.

c) Dependency on joint venture partners

AmRest opens Starbucks restaurants through joint venture Companies in Poland, the Czech Republic and Hungary, based on a partnership as part of joint venture agreements. Therefore, some decisions as part of the joint business activities will be dependent on the partners’ consent.

The joint venture agreements with Starbucks were concluded for a period of 15 years with a possibility of their extension for the next 5 years upon meeting the specified conditions. Should AmRest fail to comply with the obligation to open and run the minimum specified number of cafés, Starbucks Coffee International, Inc. shall have the right to increase its share in the joint venture companies by acquiring shares from AmRest Sp. z o.o. at a price agreed between the parties based on the valuation of the joint venture companies.

d) No exclusive rights

The franchising agreements concerning the running of KFC, Pizza Hut and Burger King restaurants do not contain provisions on granting AmRest any exclusive rights on a given territory, protection or any other rights on the territory, in the area or on the market surrounding AmRest restaurants. However, in practice, due to the scale of AmRest’s operations (including a well-developed distribution network), the possibility that a competitive operator (to the brands currently operated by the Company) should appear who would be able to effectively compete with the AmRest Group restaurants is relatively limited.

In the case of Starbucks restaurants, the joint venture companies will be the only entities authorized to develop and run Starbucks cafés in Poland, the Czech Republic and Hungary, without exclusive rights to some institutional locations.

e) Rental agreements and continuation options

Almost all AmRest restaurants operate in rented facilities. The majority of the rental contracts are long-term and they are usually concluded for at least 10 years from the date of commencing the rental (assuming that all continuation options are exercised, on specified terms, and not including contracts which are subject to periodic renewal, unless they are terminated, and contracts concluded for an indefinite period). A number of rental contracts grant AmRest the right to prolong the contract provided that the Company complies with the terms of rental. Regardless of whether the terms are complied with or not, there is no guarantee that AmRest will be able to prolong a rental contract on terms satisfactory from the point of view of business practice. If this is not possible a potential loss of important restaurant locations may have an unfavourable effect on AmRest's operating results and its business activities.

Moreover, in certain circumstances AmRest may make a decision to close a given restaurant and terminating the relevant rental contract on cost effective terms may prove impossible. This situation may also have an adverse effect on the business activities and operating results of the Company. Closing any of the restaurants is subject to approval by the franchisor and it is not certain that such approval will be obtained.

In the case of Russian and Chinese restaurants acquired by AmRest accordingly in July 2007 and December 2012, the average term of the rental contracts is relatively shorter compared with AmRest restaurants in the remaining countries. This results from the specific nature of the Russian market.

f) Risk related to the consumption of food products

Consumer preferences may change in connection with doubts arising as to the healthful properties of chicken which is the main ingredient in KFC menu, or as a result of unfavourable information being circulated by the mass media concerning the quality of the products, diseases caused by them and damages to health as a result of eating in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog, KABB and Stubb's, and as a result of revealing unfavourable data prepared by the government or a given market sector concerning the products served in AmRest restaurants and restaurants of other franchisees of KFC, Pizza Hut, Burger King, Starbucks, La Tagliatella, Blue Frog, KABB and Stubb's, health-related issues and issues related to the functioning patterns of one or more restaurants run both by AmRest and the competition. The above-mentioned risk is limited by using the highest quality ingredients in AmRest restaurants, which come from reliable and reputable suppliers, compliance with strict quality control and hygiene standards and the use of top modern equipment and processes which ensure the absolute safety of the meals.

g) Risk related to keeping key personnel in the Company

The Issuer's success depends to some extent on the individual effort of selected employees and key members of management. The methods of remunerating and managing human resources developed by the Issuer help ensure a low rotation of the key personnel. Additionally, the career planning system supports preparing successors ready to execute tasks in key positions. The Issuer believes it will be able to replace its key personnel. Regardless of that, their loss may have a short-term adverse effect on the business activities and operating results of the Issuer.

h) Risk related to labour costs of restaurant employees and employing and keeping professional staff

Running catering activities on such a large scale as the Issuer does requires employing a large number of professionals. Excessive outflow of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities. Due to the fact that salaries in Poland, the Czech Republic and Hungary (including in the catering sector) are still decidedly lower than in other European

Union countries, there is a risk of outflow of qualified staff and thus a risk of the Company being able to ensure the appropriate staff necessary for providing the highest quality catering services. In order to avoid the risk of losing qualified staff it may be necessary to gradually increase the salary rates, which may have an adverse effect on the financial standing of the Issuer.

i) Risk related to limited access to foodstuffs and the variability of their cost

The Issuer's situation is also affected by the need to ensure frequent deliveries of fresh agricultural products and foodstuffs and anticipating and responding to changes in supplies costs. The Company cannot rule out the risk related to delivery deficits or interruptions caused by factors such as unfavourable weather conditions, changes in legal regulations or withdrawing some foodstuffs from trading. Also the increased demand for certain products accompanied by limited supply may lead to difficulties in obtaining them by the Company or to price increases for those products. Both the deficits and product price increases may have an adverse effect on the Group's results, operations and financial standing. In order to mitigate this risk (among others) AmRest Sp. z o.o. concluded a contract with SCM Sp. z o.o. for the provisions of services comprising intermediation and negotiating terms of delivery to restaurants, including negotiating terms of distribution agreements.

j) Risk related to developing new brands

AmRest has operated the Burger King, Starbucks, La Tagliatella, Blue Frog, KABB and Stubb's brands for a relatively short time. As these are new concepts for AmRest, there is a risk related to demand for the products offered and their acceptance by customers.

k) Risk related to opening restaurants in new countries

Opening or taking over restaurants operating in a new geographical and political area involves the risk of varying consumer preferences, a risk of insufficient knowledge of the market, the risk of legal restrictions arising from local regulations and the political risk of these countries.

l) Currency risk

The results of AmRest are exposed to currency risk related to transactions and translations into currencies other than the currency in which business transactions are measured in the individual Capital Group companies. The Company adjusts its currency portfolio of debt to the geographical structure of its profile of activities. Additionally, AmRest uses forward contracts to secure transaction risks on a short term basis.

m) Risk of increased financial costs

The Issuer and its subsidiaries are exposed to the significant adverse impact of interest rate fluctuations in connection with obtaining financing which bears floating interest rates and investing in assets bearing floating and fixed interest rates. The interest rates of bank loans and borrowings and issued bonds is based on floating reference rates which are updated over periods shorter than one year. Interest on financial assets with fixed interest rates is fixed over the entire period to maturity of these instruments. Additionally, the Issuer and its subsidiaries may, as part of the interest rate hedging strategy, enter into derivative and other financial contracts the valuation of which is significantly affected by the level of reference rates.

n) Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds.

As at 30 June 2013, the Company has enough short-term assets, including cash and promised credit limits, to fulfil is liabilities due in the next 12 months.

o) Risk of economic slowdowns

Economic slowdown in the countries where AmRest runs its restaurants may affect the level of consumption expenditure on these markets, which in turn may affect the results of the AmRest restaurants operating on these markets.

p) Risk related to seasonality of sales

The seasonality of sales and inventories of AmRest is not significant, which is typical for the restaurant industry. On the European market restaurants record lower sales in the first half of the year, mainly due to the lower number of sale days in February and the relatively less frequent visits to restaurants.

q) Risk of computer system breakdowns and temporary breaks in serving customers in network restaurants

A potential partial or complete loss of data in connection with computer system breakdowns or damage or loss of key tangible fixed assets of the Company might result in temporary interruptions in serving customers in restaurants, which might have an adverse effect on the Group's financial results. In order to minimize this risk, the Issuer has implemented appropriate procedures in order to ensure the stability and reliability of IT systems.

9. Management representations

9.1. Correctness and fairness of the presented financial statements

To the best knowledge of the Management Board of AmRest Holdings SE, the abridged consolidated semi-annual financial statements and the comparative figures presented in the abridged consolidated semi-annual financial statements of the AmRest Group have been prepared in accordance with the binding accounting policies and they give a true, fair and clear view of the financial position of the AmRest Group and its results. The semi-annual Directors' Report included in this document provides a true image of the development and achievements and the situation of the AmRest Group, including a description of the key risks and threats.

9.2. Selection of the registered audit company

The entity authorized to audit the financial statements, PricewaterhouseCoopers Sp. z o.o., which carried out the annual audit of the abridged consolidated semi-annual financial statements of the AmRest Group has been selected in compliance with the provisions of the law. Both the entity and auditors conducting the audit met the requirements necessary to enable them to issue an unbiased and independent audit opinion, in accordance with the relevant laws.

Wrocław, 23 August 2013

Mark Chandler

AmRest Holdings SE

Member of the Management Board

Wojciech Mroczyński

AmRest Holdings SE

Member of the Management Board

Drew O'Malley

AmRest Holdings SE

Member of the Management Board

AmRest Holdings SE Report for the 1st half of 2012

PART II

Supplement to Directors' Report

Contents:

1. The position of the Management Board of AmRest Holdings SE concerning the realization of previously published prognoses concerning the results for the year

The Company did not publish any forecasts of its results.

2. Shareholders holding at least 5% of the general number of votes at the General Shareholders' Meeting of AmRest Holdings SE as at 30 June 2013 and as at the date of the report

According to the information held by the Company, as at 30 June 2013, the following shareholders provided information on holding directly or indirectly (through subsidiaries) at least 5% of the number of votes at the General Shareholders' Meeting of AmRest:

SHAREHOLDERS HOLDING MORE THAN 5% OF VOTES AT THE GSM OF AMREST

Shareholders	Number of shares	Share in capital %	Number of votes at GSM	% shares at GSM
WP Holdings VII B.V.*	6,997,853	32.99%	6,997,853	32.99%
ING OFE	4,100,000	19.33%	4,100,000	19.33%
PZU PTE**	2,779,734	13.10%	2,779,734	13.10%
Aviva OFE	1,600,000	7.54%	1,600,000	7.54%

* WP Holdings VII BV holds directly shares representing exactly 32.9999% of shares in the share capital and GSM

** PTE PZU SA manages assets which include funds belonging to OFE PZU "Złota Jesień" and DFE PZU

As at the date of submitting this semi-annual report, 23 August 2013, the above values illustrate the current structure of shareholders.

3. Description of changes in the shareholding

In the period since the last interim report (the report for the first quarter of 2013 published on 30 April 2013), the Company communicated changes in the shareholding structure listed below:

On 21 June 2013, the Management Board of AmRest informed that on 20 June 2013 it had received a notification from the person having access to confidential information of AmRest on the transaction concluded on 17 June 2013 involving the sale of 3,000 AmRest shares at the price of PLN 84.00 per share. The transaction was executed on the Warsaw Stock Exchange.

On 5 July 2013, the Management Board of AmRest informed that on that day it had received a notification from the person having access to confidential information of AmRest on the transaction concluded on 4 July 2013 involving the purchase of 1000 AmRest shares at the price of PLN 82.81 per share. The transaction was executed on the Warsaw Stock Exchange.

On 5 July 2013, AmRest informed that on that day it had received a notification from the person having access to confidential information of AmRest on the execution of the following transactions:

– On 3 July 2013, the purchase of 122 AmRest shares at the average price of PLN 84.91.

– On 4 July 2013, the purchase of 22,753 AmRest shares at the average price of PLN 84.80.

These transactions were executed on the Warsaw Stock Exchange.

On 9 July 2013, AmRest informed that on the same day it had received a notification from the person having access to confidential information of AmRest on the execution of the following transactions:

– On 5 July 2013, the purchase of 8,237 AmRest shares at the average price of PLN 85.20.

– On 8 July 2013, the purchase of 10,334 AmRest shares at the average price of PLN 85.62.

These transactions were executed on the Warsaw Stock Exchange.

On 12 July 2013, AmRest informed that on that date it had received a notification from the person having access to confidential information of AmRest on the transaction concluded on 9 June 2013 involving the purchase of 1,671 AmRest shares at the average price of PLN 85.10. The transaction was executed on the Warsaw Stock Exchange.

On 19 July 2013, AmRest informed that on the same day it had received a notification from the person having access to confidential information of AmRest on the execution of the following transactions:

– On 27 June 2013, the acquisition of 109 AmRest shares at the average price of PLN 24.00 per share.

– On 15 July 2013, the disposal of 109 AmRest shares at the average price of PLN 89.22 per share.

– On 17 July 2013, the acquisition of 4,101 AmRest shares at the average price of PLN 24.00 per share.

The acquisition transactions were executed outside organised trading upon exercising the AmRest executive options. The disposal transaction was concluded on the Warsaw Stock Exchange as part of an ordinary trading session.

On 25 July 2013, AmRest informed that on that day it had received a notification from the person having access to confidential information of AmRest on the transaction concluded on 19 July 2013 involving the disposal of 4,101 AmRest shares at the price of PLN 88.01 per share. The disposal transaction was concluded on the Warsaw Stock Exchange as part of an ordinary trading session.

On 25 July 2013, AmRest informed that on that date it had received a notification from the person having access to confidential information of AmRest on the transaction concluded on 22 July 2013 involving the purchase of 793 AmRest shares at the average price of PLN 24.00. Settlement of the transaction took place on 24 July 2013. The transaction was executed outside organised trading upon exercising the AmRest executive options.

3.1. Other information on shareholding

The Management Board of AmRest does not know of any holders of securities which give special rights of control over the Company.

Transactions on AmRest treasury shares concluded within performance of the executive options program are presented below.

The commencement of the purchase of treasury shares occurred on the basis of Resolution No. 16 of the General Meeting of the Company of 10 June 2011 concerning the authorization for the Management Board to acquire treasury shares in the Company and the establishment of reserve capital.

TRANSACTIONS ON AMREST TREASURY SHARES CONCLUDED WITHIN PERFORMANCE OF THE EXECUTIVE OPTIONS PROGRAM

	conclusion date	settlement date	number of acquired/ disposed shares	average acquisition/disposal price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
ACQUISITIONS	07.05.2013	10.05.2013	750	79.00	0.01	0.0035%	750	750	750	0.0035%
	08.05.2013	13.05.2013	750	79.00	0.01	0.0035%	750	1500	1500	0.0071%
	09.05.2013	14.05.2013	1,000	78.50	0.01	0.0047%	1,000	2500	2500	0.0118%
	10.05.2013	15.05.2013	1,000	80.00	0.01	0.0047%	1,000	3,500	3,500	0.0165%
	13.05.2013	16.05.2013	1,000	79.78	0.01	0.0047%	1,000	4,500	4,500	0.0212%
	14.05.2013	17.05.2013	1,000	79.93	0.01	0.0047%	1,000	5,500	5,500	0.0259%
	16.05.2013	21.05.2013	2,110	80.00	0.01	0.0099%	2,110	7,610	7,610	0.0359%
DISPOSALS	23.05.2013	23.05.2013	330	47.60	0.01	0.0109%	2,320	5,290	5,290	0.0249%
			1,680	70.00	0.01					
			310	78.00	0.01					
	24.05.2013	24.05.2013	610	47.60	0.01	0.0057%	1,210	4,080	4,080	0.0192%
			600	48.40	0.01					
	27.05.2013	27.05.2013	1,040	47.60	0.01	0.0058%	1,240	2,840	2,840	0.0134%
			200	48.40	0.01					
	28.05.2013	28.05.2013	200	70.60	0.01	0.0009%	200	2,640	2,640	0.0124%
	05.06.2013	05.06.2013	1,180	47.60	0.01	0.0094%	2,000	640	640	0.0030%
			760	70.00	0.01					
			60	78.00	0.01					
	19.06.2013	19.06.2013	531	70.00	0.01	0.0025%	531	109	109	0.0005%
	27.06.2013	27.06.2013	109	24.00	0.01	0.0005%	109	0	0	-
ACQUISITIONS	02.07.2013	05.07.2013	200	82.30	0.01	0.0009%	200	200	200	0.0009%
	03.07.2013	08.07.2013	50	83.00	0.01	0.0002%	50	250	250	0.0012%
	04.07.2013	09.07.2013	1,000	83.00	0.01	0.0047%	1,000	1,250	1,250	0.0059%
	10.07.2013	15.07.2013	535	89.43	0.01	0.0025%	535	1,785	1,785	0.0084%
	11.07.2013	16.07.2013	2,316	89.01	0.01	0.0109%	2,316	4,101	4,101	0.0193%
	12.07.2013	17.07.2013	1,003	89.00	0.01	0.0047%	1,003	5,104	5,104	0.0241%
	15.07.2013	18.07.2013	210	89.39	0.01	0.0010%	210	5,314	5,314	0.0250%
DISPOSALS	17.07.2013	17.07.2013	4,101	24.00	20.01	0.0213%	4,521	793	793	0.0037%
			280	70.00	0.01					
			140	78.00	0.01					
	22.07.2013	24.07.2013	793	24.00	0.01	0.0037%	793	0	0	-

3.2. Information about remuneration and share option held by members of the Company's management and supervisory bodies for the period of 6 months, ending 30 June 2013.

REMUNERATION OF THE PARENT COMPANY'S MANAGEMENT BOARD FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2013

	The period in the office during 6 months ended 30 June 2013	Salaries and wages	Annual bonus, industry awards	Income from subsidiaries and associates	Benefits, income from other titles	Total income during 6 months ended 30 June 2013
Members of the Management Board as at 30 December 2013						
Wojciech Mroczyński	01.01.2013–30.06.13	453,779	-	453,779	17,499	471,278
Mark Chandler	01.01.2013–27.06.13	582,020	-	582,020	6,126	588,146
Drew O'Malley	01.01.2013–27.06.13	420,000	-	420,000	16,523	436,523
Total		**1,455,799**	**-**	**1,455,799**	**40,148**	**1,495,947**

REMUNERATION OF THE PARENT COMPANY'S SUPERVISORY BOARD FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2013

	The period in the office during 6 months ended 30 June 2013	Remuneration for the time of holding the function in the Supervisory Board	Income from other contracts	Other benefits	Total income during 6 months ended 30 June 2012	Commentary
Raimondo Eggink	01.01–30.06.13	42,000	-	3,798	45,798	
Robert Feuer	01.01–30.06.13	-	-	3,798	3,798	Voluntary resignation from remuneration
Jacek Wojciech Kseń	01.01–27.06.13	42,000	-	3,798	45,798	
Joseph P. Landy	01.01–30.06.13	-	-	3,798	3,798	Voluntary resignation from remuneration
Henry McGovern	01.01–30.06.13	-	772,739	3,798	776,536	Voluntary resignation from remuneration
Per Steen Breimyr	01.01–30.06.13	42,000	-	3,798	45,798	
Jan Sykora	01.01–25.06.13	24,000	-	3,798	27,798	
Peter A. Bassi	27.06–30.06.13	-	-	-	-	
Bradley D. Blum	27.06–30.06.13	-	-	-	-	
Total		**150,000**	**772,739**	**26,583**	**949,322**	

INFORMATION ON THE EMPLOYEE OPTION PROGRAM REGARDING THE MANAGEMENT DURING 6 MONTHS ENDED 30 JUNE 2013.

	The period in the office during 6 months ended 30 June 2013	Function	Number of share options as at 31.12.2012	Number of share options granted in the first half of 2013	Number of share options used in the first half of 2012	Number of share options as at 30.06.2012	The fair value of all options as at the moment of their granting (PLN '000)
Henry McGovern	01.01 - 30.06.13	President of the Supervisory Board	360,000	-	-	360,000	7,390
Wojciech Mroczyński	01.01 - 30.06.13	Member of the Management Board	105,250	-	-	105,250	2,696
Mark Chandler	01.01 - 27.06.13	Member of the Management Board	127,000	-	-	127,000	3,043
Drew O'Malley	01.01 - 27.06.13	Member of the Management Board	148,500	-	-	148,500	3,352

4. Information on significant proceedings related to AmRest Holdings SE or other group companies

As at the date of the report, there are no significant proceedings in progress against the Company.

5. Composition of the Group

The current composition of the AmRest Group is presented in Section V of the Report for the First Half of 2013.

The Group's offices are located in Wrocław, Poland. The restaurants currently run by the Group are located in Poland, the Czech Republic, Hungary, Russia, Serbia, Bulgaria, Croatia, Spain, France, Germany, China, India, China and the U.S.

6. Loans and borrowings in the Group

On 11 March 2013, OOO AmRest signed a loan agreement with AmRest Capital Zrt. for an amount of EUR 5,000,000.

On 16 January 2013, AmRest Sp. z o.o. repaid a loan granted by AmRest Capital Zrt. (EUR 190,000)

On 30 January 2013, AmRest Sp. z o.o. repaid a loan granted by AmRest Capital Zrt. (EUR 205,968.28 was repaid).

On 16 January 2013, AmRest Holdings SE repaid a loan granted by AmRest Capital Zrt. (EUR 1,094,476.29).

Below is a summary of all the loans granted to related entities:

a) AmRest Holdings SE

Borrower	Loan currency	in PLN '000	
		Contractual amount of the loan granted[1]	Amount of the loan as at 30.06.2013[2]
AmRest s.r.o.	PLN	29,366	30,197
AmRest Sp. z o.o.	PLN	350,000	191,000
AmRest HK Limited	USD	3,318	3,403

[1] translated at the NBP rate as of 30.06.2013

[2] including interest accrued until 30.06.2013

b) AmRest Sp. z o.o.

Borrower	Loan currency	in PLN '000 Contractual amount of the loan granted[1]	in PLN '000 Amount of the loan as at 30.06.2013[2]
AmRest EOOD	PLN	16,000	14,251
AmRest Ukraina t.o.w.	USD	664[3]	434[3]
AmRest Kft	PLN	12,300	7,544
OOO AmRest	USD	1,168	14
AmRest TAG S.L.U.	EUR	[4]	578
Pastificio Service S.L.U.	EUR	[4]	451
Restauravia Food S.L.U	EUR	[4]	121
AmRest Finance S.L.	EUR	130	134

[1] translated at the NBP rate as of 30.06.2013
[2] including interest accrued until 30.06.2013
[3] loan covered by a 100% write-down
[4] current borrower is AmRest Capital Zrt

c) AmRest Kft

Borrower	Loan currency	in PLN '000 Contractual amount of the loan granted[1]	in PLN '000 Amount of the loan as at 30.06.2013[2]
OOO AmRest	RUB	50,521	52,202

1 translated at the NBP rate as of 30.06.2013
2 including interest accrued until 30.06.2013

d) AmRest LLC

Borrower	Loan currency	in PLN '000 Contractual amount of the loan granted[1]	in PLN '000 Amount of the loan as at 30.06.2013[2]
AmRest Sp. z o.o.	USD	7,710	1,636

[1] translated at the NBP rate as of 30.06.2013
[2] including interest accrued until 30.06.2013

e) AmRest Capital ZRT

Borrower	Loan currency	in PLN '000 Contractual amount of the loan granted[1]	in PLN '000 Amount of the loan as at 30.06.2013[2]
OOO AmRest	EUR	43,292	33,279
AmRest TAG S.L.U.	EUR	206,455	210,498
Pastificio Service S.L.U.	EUR	161,288	153,146
Restauravia Food S.L.U	EUR	43,264	30,581
AmRest s.r.o.	EUR	12,988	5,568

[1] translated at the NBP rate as of 30.06.2013
[2] including interest accrued until 30.06.2013

f) AmRest Services Sp. z o.o. SKA

Borrower	Loan currency	in PLN '000	
		Contractual amount of the loan granted[1]	Amount of the loan as at 30.06.2013[2]
AmRest Sp. z o.o.	PLN	220,211	228,428

[1] translated at the NBP rate as of 30.06.2013

[2] including interest accrued until 30.06.2013

g) AmRest Finance ZRT

Borrower	Loan currency	in PLN '000	
		Contractual amount of the loan granted[1]	Amount of the loan as at 30.06.2013[2]
AmRest Sp. z o.o.	PLN	525,735	550,944

[1] translated at the NBP rate as of 30.06.2013

[2] including interest accrued until 30.06.2013

7. Information on issues, redemption and repayment of debt securities

On 18 June 2013, according to the agreement on bonds issuing executed on 22 August 2012 between AmRest Holdings SE, AmRest Sp. z o.o. and Bank PEKAO SA the bonds were issued with their value amounting to PLN 140 million. Details of the bonds issue are presented in section 5.4. of the Directors' report.

8. Information about transactions concluded by the Company with related parties on non-market conditions.

8.1. Transactions with related entities

On 19 July 2013, AmRest informed about the signing by AmRest Sp. z o.o. (AmRest Sp. z o.o. is 100 % owned subsidiary of AmRest Holdings SE), as a sole shareholder of AmRest Capital Zrt., based in Budapest, Hungary, on 18 July 2013, the resolution concerning the increase in the share capital of AmRest Capital Zrt. by EUR 1,300,000 and the increase in the reserve capital by EUR 24,070,000.

At the same time, AmRest informed about loan agreements executed on 19 July 2013 between AmRest Capital Zrt. as the lender and the following entities being part of the AmRest capital group as the borrowers: Pastificio Service S.L., Restauravia Food S.L.U., Pastificio, S.L.U., Pastificio Restaurantes, S.L.U., Tagligat, S.L.U., Restauravia Grupo Empresarial, S.L. The total value of the loans granted amounted to EUR 24,070,000.

Executing these agreements was related to the more efficient management of cash flows between the AmRest group companies.

9. Information on dividends paid

During the period covered by the report, the Group paid dividend for the minority shareholder of SCM Sp. z o.o. and SCM s.r.o. in the amount of PLN 432 thousand.

10. Results of the AmRest Group for Q2 2013[5]

The consolidated semi-annual profit and loss account should be analysed only in connection with notes and explanations, which constitute an integral part of the abridged consolidated semi-annual financial statements for 2013.

THE CONSOLIDATED INCOME STATEMENT FOR THE 3 MONTHS ENDED 30 JUNE 2013

In PLN '000	3 months ended on 30 June 2013	3 months ended on 30 June 2012*
Revenue from restaurant operations	619,680	530,852
Revenue from franchising activities and other	45,471	37,023
Total revenue	665,151	567,875
Direct costs of restaurant operations:		
Food product costs	(201,898)	(174,915)
Salaries and wages and related employee benefits	(136,304)	(115,543)
Costs of licence (franchise) fees	(31,626)	(28,692)
Rental costs and other operating expenses	(197,546)	(171,000)
Total costs of franchising activities and other	(34,380)	(19,137)
General and administrative expenses	(58,056)	(36,670)
Gain/(loss) on sale of non-financial non-current assets and assets held for sale	-	-
Revaluation of assets	(5,598)	(4,026)
Other operating income	2,690	5,226
Total operating costs and expenses	(662,718)	(544,757)
Profit on operating activities	2,433	23,118
EBITDA	54,756	68,767
Financial expenses	(11,459)	(17,512)
Income from settlement / expense from revaluation of the put option	65,388	(3,651)
Financial income	3,503	1,454
Share in profit (loss) of associates	128	(6)
Profit before income tax	59,993	3,403
Corporate income tax	(34)	1,132
Net profit on continued operations	59,959	4,535
Profit on discontinued operations	(8,426)	4,854
Net profit	51,533	9,389

** Converted data*

3 months ended on 30 June 2013	*CEE*	*USA*	*Western Europe and New Markets*	*Spain*	*New Markets*	*Russia*	*Not allocated*	*Total*
Revenues	394,977	-	171,885	136,512	35,373	98,289	-	665,151
Revenue from sales – external customers	386,497	-	134,894	136,512	35,367	98,289	-	619,680
Revenue from franchise and other operations	8,480	-	36,991	-	-	-	-	45,471
Operating profit, the segment result	5,236	-	(3,311)	16,816	(20,127)	5,337	(4,829)	2,433
Financial income	-	-	-	-	-	-	68,891	68,891
Financial expenses	-	-	-	-	-	-	(11,459)	(11,459)
Share in profits of affiliated entities	128	-	-	-	-	-	-	128
Corporate income tax	-	-	-	-	-	-	(34)	(34)
Deferred tax assets	8,524	-	(1,427)	-	(1,427)	-	-	7,097
Net profit/(loss) from continuing operations	-	-	-	-	-	-	59,959	59,959
Net profit/ (loss) on discontinued operations	-	(8,426)	-	-	-	-	-	(8,426)
Total net profit/(loss)	-	(8,426)	-	-	-	-	59,959	51,533
The segment's assets	865,818	-	1,363,846	1,102,426	261,420	335,322	132,539	2,697,525
Investments in affiliated entities	162	-	-	-	-	-	-	162
Total assets	865,980	-	1,363,846	1,102,426	261,420	335,322	132,539	2,697,687
including goodwill	25,076	-	472,097	387,814	84,283	142,395	-	639,568
Liabilities of the segment	223,286	-	129,579	75,853	53,726	33,907	1,156,051	1,542,823
Depreciation of tangible fixed assets	26,047	-	10,230	7,321	2,909	5,086	-	41,363
Depreciation of intangible fixed assets	2,046	-	3,071	2,777	294	245	-	5,362
Capital expenditure	29,635	-	25,195	5,153	20,042	20,477	27	75,334
Asset write-down	4,690	-	-	-	-	-	-	4,690
Write-down of trade receivables	80	-	(84)	(84)	-	-	-	(4)
Inventories revaluation write-down	1	-	235	-	235	201	-	437
Other assets revaluation write-down	80	-	-	-	-	-	-	80
Goodwill revaluation write-down	-	-	-	-	-	395	-	395

3 months ended on 30 June 2012	***CEE***	***USA***	***Western Europe and New Markets***	***Spain***	***New Markets***	***Russia***	***Not allocated***	***Total***
Revenues	359,106	-	128,812	128,517	295	79,957	-	567,875
Revenue from sales – external customers	352,221	-	98,674	128,517	295	79,957	-	530,852
Revenue from franchise and other operations	6,885	-	30,138	-	-	-	-	37,023
Operating profit, the segment result	5,828	-	15,158	19,654	(4,496)	4,670	(2,538)	23,118
Financial income	-	-	-	-	-	-	1,454	1,454
Financial expenses	-	-	-	-	-	-	(21,163)	(21,163)
Share in profits of affiliated entities	(6)	-	-	-	-	-	-	(6)
Corporate income tax	-	-	-	-	-	-	1,132	1,132
Deferred tax assets	4,407	275	(485)	(485)	-	174	269	4,640
Net profit/(loss) from continuing operations	-	-	-	-	-	-	4,535	4,535
Net profit/ (loss) on discontinued operations	-	4,854	-	-	-	-	-	4,854
Total net profit/(loss)	-	4,854	-	-	-	-	4,535	9,389
The segment's assets	817,328	307,603	1,138,513	1,125,298	13,215	283,733	77,333	2,624,510
Investments in affiliated entities	346	-	-	-	-	-	-	346
Total assets	817,674	307,603	1,138,513	1,125,298	13,215	283,733	77,333	2,624,856
including goodwill	26,113	-	401,712	401,712	-	146,237	-	574,062
Liabilities of the segment	156,626	49,499	261,587	261,194	393	19,517	1,112,061	1,599,290
Depreciation of tangible fixed assets	25,446	-	7,379	7,376	3	5,232	-	38,057
Depreciation of intangible fixed assets	2,164	-	1,289	1,290	-	113	-	3,566
Capital expenditure	38,215	8,237	19,769	15,706	4,063	10,799	-	77,020
Asset write-down	4,083	-	-	-	-	-	-	4,083
Write-down of trade receivables	(37)	-	140	140	-	(160)	-	(57)
Inventories revaluation write-down	-	-	-	-	-	-	-	-
Other assets revaluation write-down	-	-	-	-	-	-	-	-

	Poland	The Czech Republic	Other segments	Total (CEE)
<u>3 months ended on 30 June 2013</u>				
Revenue	272,502	85,616	36,859	394,977
Operating profit, the segment result	4,990	1,957	(1,711)	5,236

<u>3 months ended on 30 June 2012</u>				
Revenue	248,410	81,852	28,844	359,106
Operating profit, the segment result	5,404	2,126	(1,702)	5,828

Part III Selected financial data

Selected financial data including the basic positions of the abridged semi-annual consolidated financial statements as at 30 June 2013 and six months ended on that day.

in PLN '000	6 months 2013 in PLN '000	6 months 2012 in PLN '000	6 months 2013 in EUR '000	6 months 2012 in EUR '000
Revenue from sales	1,274,267	1,112,766	304,973	262,092
Operating profit	7,464	49,758	1,786	11,720
Gross profit	53,800	12,585	12,876	2,964
Net profit	41,799	22,709	10,004	5,349
Net profit/(loss) attributable to non-controlling interests	(972)	4,093	(233)	964
Net profit attributable to equity holders of the parent company	42,771	18,616	10,236	4,385
Net cash flows from operating activities	87,871	101,547	21,030	23,918
Net cash flows from investing activities	(231,742)	(137,742)	(55,463)	(32,443)
Net cash flows from financing	181,215	41,332	43,371	9,735
Total net cash flows	37,344	5,137	8,938	1,210
Total assets	2,697,687	2,546,463	623,138	597,579
Total liabilities and provisions for liabilities	1,542,823	1,476,697	356,376	346,537
Long-term liabilities	970,590	957,432	224,196	224,681
Short-term liabilities	572,233	519,265	132,180	121,856
Equity attributable to equity holders of the parent company	1,081,328	872,399	249,775	204,726
Non-controlling interests	73,536	197,367	16,986	46,316
Total equity	1,154,864	1,069,766	266,762	251,042
Share capital	714	714	165	168
Weighted average number of ordinary shares (in pcs.)	21,213,893	21,213,893	21,213,893	21,213,893
Weighted average number of ordinary shares used for calculation of diluted earnings per share	21,552,365	21,344,482	21,552,365	21,344,482
Basic earnings per one ordinary share (in PLN/EUR)	2.02	0.88	0.48	0.21
Diluted earnings per one ordinary share (in PLN/EUR)	1.98	0.87	0.47	0.21
Basic earnings from continued operations per one ordinary share (in PLN/EUR)	2.62	0.27	0.63	0.06
Diluted earnings from continued operations per one ordinary share (in PLN/EUR)	2.58	0.26	0.62	0.06
Declared or paid dividend per one share *	-	-	-	-