

## TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the registered auditor's opinion and report of the above-mentioned Polish Company. In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland.

The accompanying translated report has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than in Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

### **Independent Registered Auditor's Opinion To the General Shareholders' Meeting and the Supervisory Board of AmRest Holdings European Company**

We have audited the accompanying financial statements of the AmRest Holdings European Company Group (hereinafter called "the Group"), whose Parent Company is AmRest Holdings European Company (hereinafter called "the Parent Company" or "AmRest Holdings EC:") with its registered office in Wrocław, pl. Grunwaldzki 25 - 27, which comprise:

- (a) the consolidated balance sheet as at 31 December 2008, showing total assets and total equity and liabilities of PLN 1,096,029 thousand (in words: one billion ninety-six million and twenty-nine thousand zloties);
- (b) the consolidated income statement for the year ended 31 December 2008, showing a net profit of PLN 20,804 thousand (in words: twenty million eight hundred and four thousand zloties);
- (c) the statement of changes in consolidated equity for the year ended 31 December 2008, showing an increase in equity of PLN 64,726 thousand (in words: sixty-four million seven hundred and twenty-six thousand zloties);
- (d) the consolidated cash flow statement for the year ended 31 December 2008, showing a net increase in cash and cash equivalents of PLN 14,993 thousand (in words: fourteen million nine hundred and ninety-three thousand zloties);
- (e) additional information on adopted accounting policies and other explanatory notes.

The Parent Company's Management Board is responsible for preparing the consolidated financial statements compliant with the binding regulations and the Directors' Report for the Group. Our responsibility was to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit in accordance with the following regulations applicable in the Republic of Poland:

- (a) the provisions of Chapter 7 of the Accounting Act of 29 September 1994 (Journal of Laws of 2002, No. 76, item 694 with subsequent amendments, hereinafter called "the Act");
- (b) the auditing standards issued by the National Council of Registered Auditors in Poland.

Our audit was planned and performed to obtain reasonable assurance that the consolidated financial statements were free of material misstatements and omissions. The audit included examining, on a test basis, accounting documents and entries supporting the amounts and disclosures in the consolidated financial statements. The audit also included an assessment of the accounting policies applied by the Group and significant estimates made in the preparation of the consolidated financial statements as well as an evaluation of the overall presentation thereof. We believe that our audit provided a reasonable basis for our opinion.

**The independent registered auditor's opinion  
to the General Shareholders' Meeting and the Supervisory Board of  
AmRest Holdings European Company (cont.)**

The information in the Group Directors' Report for the year ended 31 December 2008 has been presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information to be provided by issuers of securities and the terms and conditions for accepting as equivalent the information required by a state which is not a member state (the Decree – Journal of Laws No. 33, item 259) and is consistent with the information presented in the audited financial statements.

In our opinion, and in all material respects, the accompanying consolidated financial statements:

- (a) have been prepared on the basis of properly maintained consolidation documentation;
- (b) comply in form and contents with the relevant laws applicable to the Group;
- (c) give a fair and clear view of the Group's financial position as at 31 December 2008 and of the results of its operations for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Independent registered auditor conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o.:

Monika Grudzień-Wiśniewska  
Board Member  
Independent Registered Auditor  
No. 10298/7684

Registered Audit Company  
No. 144

Wrocław, 30 April 2009

# **The AmRest Holdings EC Group**

## **Independent Registered Auditor's Report on the consolidated financial statements as at and for the year ended 31 December 2008**

### **TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the registered auditor's opinion and report of the above-mentioned Polish Company. In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland.

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**Independent registered auditor's report on the consolidated financial statements**

**To the General Shareholders' Meeting and the Supervisory Board of AmRest Holdings European Company**

**This report contains 20 consecutively numbered pages and consists of:**

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**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 December 2008**

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**I. General information about the Group**

- (a) AmRest Holdings SE ("the Parent Company") was established in the Netherlands in October 2000 as a joint-stock company. On 19 September 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. On 22 December 2008, the Parent Company was entered into the Register of Businesses with the reference number KRS 0000320252 by the District Court in Wrocław-Fabryczna, 6th Business Department of the National Court Register. The Court also registered the changes in the status of the Parent company relating to the transition of the registered office of AmRest to Poland. The Parent Company's registered office is currently located at pl. Grunwaldzki 25-27, Wrocław (50-365), Poland.
- (b) On 16 January 2009, the Parent Company was assigned a tax identification number NIP 1010002998 for making tax settlements. On 5 January 2009, the Parent Company was assigned a REGON number 020891041 for statistical purposes.
- (c) As at 31 December 2008, the share capital of the Parent Company amounted to EUR 141,863.56 and consisted of 14,186,356 shares, each of EUR 0.01 par value.
- (d) In the audited year, the Group's operations comprised operating, through its subsidiaries, Kentucky Fried Chicken ("KFC"), "Pizza Hut", "Burger King" and "Starbucks" restaurants in Poland, the Czech Republic, Hungary, Russia, Serbia and Bulgaria, and Applebee's restaurants in the USA on the basis of franchise agreements, and proprietary restaurants "Rodeo Drive" and "Freshpoint".
- (e) During the year, the following people were on the Parent Company's Management Board:
- Wojciech Mroczyński Board Member;
  - Henry McGovern President of the Board to 22 June 2008;
  - Jacek Trybuchowski Board Member from 23 June 2008.
- (f) The Parent Company is an issuer of securities admitted to trading on the Warsaw Stock Exchange and in compliance with the Accounting Act it prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The decision to prepare the Company's financial statements in accordance with these standards was made by the Company's Management Board on 11 December 2008 and approved by a resolution of the Supervisory Board on 12 December 2008.

**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 December 2008**

**I. General information about the Group (cont.)**

(g) As at 31 December 2008, the AmRest Holdings EC Group comprised the following entities:

| Entity name  | Nature of relationship (% shareholding) | Consolidation method | Independent registered auditor of the consolidated financial statements | Type of opinion for the purpose of the consolidated financial statements        | Balance sheet date |
|--|---|----------------------|---|---|--------------------|
| AmRest Holdings EC                                       | Parent Company                          | Not applicable       | PricewaterhouseCoopers Sp. z o.o.                                       | Unqualified   | 31 December 2008   |
| AmRest Sp. z o.o.  | Subsidiary (100%)                       | Full                 | PricewaterhouseCoopers Sp. z o.o.                                       | No opinion was issued until the date of the opinion on the financial statements | 31 December 2008   |
| AmRest s.r.o.  | Subsidiary (100%)                       | Full                 | PricewaterhouseCoopers Audit, s.r.o.                                    | Qualified   | 31 December 2008   |
| International Fast Food Polska Sp. z o.o. in liquidation | Subsidiary (100%)                       | Full                 | The Company was not subject to an audit                                 | -   | 31 December 2008   |
| Pizza Hut s.r.o.   | Subsidiary (100%)                       | Full                 | The Company was not subject to an audit                                 | -   | 31 December 2008   |
| AmRest Kft   | Subsidiary (100%)                       | Full                 | PricewaterhouseCoopers Kft  | Unqualified   | 31 December 2008   |
| Grifex I Sp. z o.o. in liquidation                       | Subsidiary (48%)                        | Full                 | The Company was not subject to an audit                                 | -   | 31 December 2008   |
| AmRest Ukraina t.o.w.                                    | Subsidiary (100%)                       | Full                 | The Company was not subject to an audit                                 | -   | 31 December 2008   |
| AmRest Coffee Sp. z .o.o.                                | Subsidiary (82%)                        | Full                 | The Company was not subject to an audit                                 | -   | 31 December 2008   |
| Bécsi út.13. Kft   | Subsidiary (100%)                       | Full                 | The Company was not subject to an audit                                 | -   | 31 December 2008   |
| AmRest EOOD  | Subsidiary (100%)                       | Full                 | The Company was not subject to an audit                                 | -   | 31 December 2008   |
| AmRest Coffee s.r.o.                                     | Subsidiary (82%)                        | Full                 | The Company was not subject to an audit                                 | -   | 31 December 2008   |

**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
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**I. General information about the Group (cont.)**

| Entity name                           | Nature of relationship (% shareholding) | Consolidation method     | Independent registered auditor of the consolidated financial statements | Type of opinion for the purpose of the consolidated financial statements | Balance sheet date |
|---------------------------------------|---|--------------------------|---|--|--------------------|
| AmRest Acquisition Subsidiary Inc.    | Subsidiary (100%)                       | Full                     | The Company was not subject to an audit                                 | -  | 31 December 2008   |
| OOO AmRest                            | Subsidiary (100%)                       | Full                     | PricewaterhouseCoopers Sp. z o.o.<br>ZAO PricewaterhouseCoopers Audit   | Audit completed – no opinion issued                                      | 31 December 2008   |
| OOO KFC Nord                          | Subsidiary (100%)                       | Full                     | The Company was not subject to an audit                                 | -  | 31 December 2008   |
| OOO KFC South                         | Subsidiary (100%)                       | Full                     | The Company was not subject to an audit                                 | -  | 31 December 2008   |
| OOO Sistema Bistrego Pitania.         | Subsidiary (100%)                       | Full                     | The Company was not subject to an audit                                 | -  | 31 December 2008   |
| AmRest Kávészó Kft                    | Subsidiary (82%)                        | Full                     | The Company was not subject to an audit                                 | -  | 31 December 2008   |
| AmRest D.O.O.                         | Subsidiary (60%)                        | Full                     | The Company was not subject to an audit                                 | -  | 31 December 2008   |
| AmRest LLC                            | Subsidiary (100%)                       | Full                     | PricewaterhouseCoopers LLP  | With a qualification in respect of the scope of the audit                | 31 December 2008   |
| AppleGrove Holdings LLC               | Subsidiary (80%)                        | Full                     | PricewaterhouseCoopers LLP  | With a qualification in respect of the scope of the audit                | 31 December 2008   |
| SCM Sp. z o.o.                        | Subsidiary (51%)                        | Full                     | The Company was not subject to an audit                                 | -  | 31 December 2008   |
| Worldwide Communication Services LLC  | Associate (33.33%)                      | Equity accounting method | -   | -  |                    |
| Red 8 Communications Group Sp. z o.o. | Associate (17.33%)                      | Equity accounting method | -   | -  |                    |
| SCM s.r.o.                            | Associate (40.50%)                      | Equity accounting method | -   | -  |                    |
| Sfinks Polska S.A.                    | Associate (32.99%)                      | Equity accounting method | PricewaterhouseCoopers Sp. z o.o.                                       | In the course of being audited   | 31 December 2008   |

**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 December 2008**

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**II. Information about the audit**

- (a) PricewaterhouseCoopers Sp. z o.o. was appointed auditor to the Company by Resolution No. 7 of the General Shareholders' Meeting dated 22 May 2006.
- (b) PricewaterhouseCoopers Sp. z o.o. and the independent registered auditor conducting the audit are independent of the Group entities within the meaning of art. 66, clause 2 of the Accounting Act.
- (c) The audit was conducted in accordance with the contract dated 10 July 2006 (with subsequent amendments) in the period from 8 December 2008 to 30 April 2009.



# The AmRest Holdings EC Group

## Independent registered auditor's report on the financial statements as at and for the year ended 31 December 2008

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### III. The Group's results and financial position

The consolidated financial statements do not take account of inflation.

AmRest Holdings EC is the Parent Company of the Group which, in the audited year, comprised twenty one subsidiaries (including twenty one consolidated subsidiaries). The data of four associates has been presented in the consolidated financial statements using the equity accounting method.

Comparability of the consolidated financial statements for the years 2007 and 2008, and consequently, the information value of the financial ratios relating to these years may be limited due to the effect of the following events:

- the purchase of shares in AppleGrove Holdings, LLC in the United States of America in 2008;
- the purchase of restaurants (non-current assets and rights to premises) in Russia in 2008;
- the purchase of shares in OOO Pizza Nord (currently OOO AmRest) in 2007.

The factors described below had a significant impact on the Group's results of operations and on its financial position as at the balance sheet date.

- the purchase of 80% of shares in AppleGrove Holdings, LLC, operator of Applebee's® restaurants in the United States, in July 2008;
- the purchase of restaurant assets and rights to operate 15 RostiksKFC restaurants in Russia;
- development of the Starbucks chain by opening consecutive restaurants under the brand;
- intense organic development of the Group in Poland and the Czech Republic;
- the purchase and subsequent impairment of shares in the associate Sfinks Polska S.A.;
- the increase in gearing under the new credit agreement (to PLN 440,000 thousand).

The observations below are based on knowledge obtained during the audit of the consolidated financial statements.

- As at the end of the audited year, the Group's assets amounted to PLN 1,096,029 thousand. In the audited year, total assets increased by PLN 499,372 thousand, i.e. 83.7%, mainly as a result of an increase in the value of non-current assets of PLN 457,114 thousand. The increase was mainly financed with an increase in borrowings of PLN 269,772 thousand and short-term trade payables and other liabilities of PLN 158,115 thousand.
- The Group's gearing ratio as at the end of the audited year deteriorated and amounted to 66.1% (2007: 50.8%). The increase in the gearing ratio resulted mainly from an increase in the share of bank loans in the Group's financing structure.

**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
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**III. The Group's results and financial position (cont.)**

- The liquidity ratios did not change significantly compared with the prior year and amounted to: the current ratio – 0.4, and the quick ratio – 0.3 (in the prior year: 0.7 and 0.6 respectively). The significant increase in short-term liabilities had a significant impact on the deterioration in the liquidity ratios.
- In 2008 the Group's main market was the Polish market where 48.6% of total sales were realized. On the American market the Group realized 21.2% of sales and on the Czech market 16%. The costs of restaurant operations increased by PLN 533,959 thousand to PLN 1,267,982 thousand during the period.
- The largest component of the expenses was the cost of food in the amount of PLN 464,953 thousand (2007: PLN 284,332 thousand), the cost of wages and salaries and employee benefits which amounted to PLN 324,157 thousand (in 2007: PLN 163,017 thousand) and lease costs and other operating expenses (which amounted to PLN 269,933 thousand during the period, and PLN 148,486 thousand in 2007). The increase in costs is related to an increase in the Group's scale of operations and is the consequences of an increase in sales.
- In the audited year, the Group made a net profit of PLN 20,804 thousand. The significant reduction in the net profit (of PLN 28,051 thousand) compared with the prior period was mainly related to the negative impact of the measurement of shares in the associate – Sfinks Polska S.A. Total costs in respect of participation in the losses and impairment of the value of shares in the entity amounted to PLN 25,430 thousand in 2008.

**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 December 2008**

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**IV. Discussion of consolidated financial statement components**

**CONSOLIDATED BALANCE SHEET as at 31 December 2008**

|                               | Note | 31.12.2008<br>PLN'000 | 31.12.2007<br>PLN'000 | Change<br>PLN'000 | Change<br>(%) | 31.12.2008<br>Structure (%) | 31.12.2007<br>Structure (%) |
|-------------------------------|------|-----------------------|-----------------------|-------------------|---------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                 |      |                       |                       |                   |               |                             |                             |
| <b>Non-current assets</b>     |      |                       |                       |                   |               |                             |                             |
| Property, plant and equipment | 2    | 493,035               | 272,663               | 220,372           | 80.8          | 45.0                        | 45.7                        |
| Other intangible assets       |      | 43,931                | 13,955                | 29,976            | >100.0        | 4.0                         | 2.3                         |
| Goodwill                      | 1    | 300,628               | 142,475               | 158,153           | >100.0        | 27.4                        | 23.9                        |
| Investments in associates     | 3    | 37,725                | 2,353                 | 35,372            | >100.0        | 3.5                         | 0.4                         |
| Deferred income tax assets    |      | 16,113                | 12,279                | 3,834             | 31.2          | 1.5                         | 2.1                         |
| Other non-current assets      |      | 57,359                | 47,952                | 9,407             | 19.6          | 5.2                         | 8.0                         |
|                               |      | <u>948,791</u>        | <u>491,677</u>        | <u>457,114</u>    | <u>93.0</u>   | <u>86.6</u>                 | <u>82.4</u>                 |

**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 December 2008**

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**IV. Discussion of consolidated financial statement components (cont.)**

**CONSOLIDATED BALANCE SHEET as at 31 December 2008 (cont.)**

|                                  | Note | 31.12.2008<br>PLN'000   | 31.12.2007<br>PLN'000 | Change<br>PLN'000     | Change<br>(%)      | 31.12.2008<br>Structure (%) | 31.12.2007<br>Structure (%) |
|----------------------------------|------|-------------------------|-----------------------|-----------------------|--------------------|-----------------------------|-----------------------------|
| <b>Current assets</b>            |      |                         |                       |                       |                    |                             |                             |
| Inventories                      |      | 20,878                  | 11,594                | 9,284                 | 80.1               | 1.9                         | 1.9                         |
| Trade and other receivables      | 4    | 66,162                  | 34,489                | 31,673                | 91.8               | 6.0                         | 5.8                         |
| Corporate income tax receivables |      | 1,098                   | 403                   | 695                   | >100.0             | 0.1                         | 0.1                         |
| Cash and cash equivalents        |      | 37,583                  | 46,873                | (9,290)               | (19.8)             | 3.4                         | 7.9                         |
| Derivative financial instruments |      | 9,254                   | -                     | 9,254                 | -                  | 0.9                         | -                           |
| Other current assets             |      | 12,263                  | 11,621                | 642                   | 5.5                | 1.1                         | 1.9                         |
|                                  |      | <u>147,238</u>          | <u>104,980</u>        | <u>42,258</u>         | <u>40.3</u>        | <u>13.4</u>                 | <u>17.6</u>                 |
| <b>Total assets</b>              |      | <u><u>1,096,029</u></u> | <u><u>596,657</u></u> | <u><u>499,372</u></u> | <u><u>83.7</u></u> | <u><u>100.0</u></u>         | <u><u>100.0</u></u>         |

**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 December 2008**

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**IV. Discussion of consolidated financial statement components (cont.)**

**CONSOLIDATED BALANCE SHEET as at 31 December 2008 (cont.)**

|   | Note | 31.12.2008<br>PLN'000 | 31.12.2007<br>PLN'000 | Change<br>PLN'000 | Change<br>(%) | 31.12.2008<br>Structure (%) | 31.12.2007<br>Structure (%) |
|---|------|-----------------------|-----------------------|-------------------|---------------|-----------------------------|-----------------------------|
| <b>EQUITY</b>                               |      |                       |                       |                   |               |                             |                             |
| Share capital                               | 5    | 545                   | 544                   | 1                 | 0.2           | -                           | 0.1                         |
| Supplementary capitals                      |      | 314,808               | 320,532               | (5,724)           | (1.8)         | 28.7                        | 53.7                        |
| Accumulated losses                          |      | (10,353)              | (58,917)              | 48,564            | 82.4          | (0.9)                       | (9.9)                       |
| Net profit                                  |      | 24,123                | 48,564                | (24,441)          | (50.3)        | 2.2                         | 8.2                         |
| Foreign exchange differences on translation |      | 24,750                | (21,576)              | 46,326            | <(100.0)      | 2.3                         | (3.6)                       |
|   |      | <b>353,873</b>        | <b>289,147</b>        | <b>64,726</b>     | <b>22.4</b>   | <b>32.3</b>                 | <b>48.5</b>                 |
| Minority interests                          | 6    | 16,812                | 4,316                 | 12,496            | >100.0        | 1.5                         | 0.7                         |
| <b>TOTAL EQUITY</b>                         |      | <b>370,685</b>        | <b>293,463</b>        | <b>77,222</b>     | <b>26.3</b>   | <b>33.8</b>                 | <b>49.2</b>                 |

**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 December 2008**

**IV. Discussion of consolidated financial statement components (cont.)**

**CONSOLIDATED BALANCE SHEET as at 31 December 2008 (cont.)**

|   | Note | 31.12.2008<br>PLN'000 | 31.12.2007<br>PLN'000 | Change<br>PLN'000 | Change<br>(%)    | 31.12.2008<br>Structure (%) | 31.12.2007<br>Structure (%) |
|---|------|-----------------------|-----------------------|-------------------|------------------|-----------------------------|-----------------------------|
| <b>Long-term liabilities</b>              |      |                       |                       |                   |                  |                             |                             |
| Borrowings                                | 8    | 391,934               | 124,146               | 267,788           | >100.0           | 35.7                        | 20.8                        |
| Finance leases                            |      | 4,024                 | 4,160                 | (136)             | (3.3)            | 0.4                         | 0.7                         |
| Wages and salaries, and employee benefits |      | 1,548                 | 1,221                 | 327               | 26.8             | 0.1                         | 0.2                         |
| Provisions                                |      | 5,529                 | 5,887                 | (358)             | (6.1)            | 0.5                         | 1.0                         |
| Deferred income tax liability             |      | 10,589                | 10,124                | 465               | 4.6              | 1.0                         | 1.7                         |
| Other liabilities                         |      | 551                   | 2,337                 | (1,786)           | (76.4)           | 0.1                         | 0.4                         |
|   |      | <b>414,175</b>        | <b>147,875</b>        | <b>266,300</b>    | <b>&gt;100.0</b> | <b>37.8</b>                 | <b>24.8</b>                 |
| <b>Short-term liabilities</b>             |      |                       |                       |                   |                  |                             |                             |
| Short-term borrowings                     | 8    | 40,536                | 38,552                | 1,984             | 5.1              | 3.7                         | 6.5                         |
| Finance leases                            |      | 597                   | 1,442                 | (845)             | (58.6)           | 0.1                         | 0.2                         |
| Trade and other payables                  | 7    | 269,642               | 111,527               | 158,115           | >100.0           | 24.6                        | 18.7                        |
| Income tax liabilities                    |      | 394                   | 3,798                 | (3,404)           | (89.6)           | -                           | 0.6                         |
|   |      | <b>311,169</b>        | <b>155,319</b>        | <b>155,850</b>    | <b>&gt;100.0</b> | <b>28.4</b>                 | <b>26.0</b>                 |
| <b>Total equity and liabilities</b>       |      | <b>1,096,029</b>      | <b>596,657</b>        | <b>499,372</b>    | <b>83.7</b>      | <b>100.0</b>                | <b>100.0</b>                |

**The AmRest Holdings EC Group**  
**Independent registered auditor's report on the financial statements**  
**as at and for the year ended 31 December 2008**

**IV. Discussion of consolidated financial statement components (cont.)**

**CONSOLIDATED INCOME STATEMENT**  
**For the year ended 31 December 2008**

|   | Note | 2008<br>PLN'000 | 2007<br>PLN'000 | Change<br>PLN'000 | Change<br>(%) | 2008<br>% of sales | 2007<br>% of sales |
|---|------|-----------------|-----------------|-------------------|---------------|--------------------|--------------------|
| Revenue from restaurant operations  | 9    | 1,427,408       | 853,355         | 574,053           | 67.3          | 100.0              | 100.0              |
| Total costs of restaurant operations  | 9    | (1,267,982)     | (734,023)       | (533,959)         | 72.7          | (88.8)             | (86.0)             |
| <b>Profit from sales</b>  |      | <b>159,426</b>  | <b>119,332</b>  | <b>40,094</b>     | <b>33.6</b>   | <b>11.2</b>        | <b>14.0</b>        |
| Amortization and depreciation (administrative expenses)                             |      | (3,664)         | (2,809)         | (855)             | 30.4          | (0.3)              | (0.3)              |
| Administrative expenses   |      | (92,516)        | (54,482)        | (38,034)          | 69.8          | (6.5)              | (6.4)              |
| Other operating income  |      | 18,484          | 8,466           | 10,018            | >100.0        | 1.3                | 1.0                |
| Gains/(losses) on sale of non-financial non-current assets and assets held for sale |      | 6,635           | (1,155)         | 7,790             | <(100.0)      | 0.5                | (0.2)              |
| Remeasurement of assets   |      | (7,272)         | (1,708)         | (5,564)           | >100.0        | (0.5)              | (0.2)              |
| <b>Operating profit</b>   |      | <b>81,093</b>   | <b>67,644</b>   | <b>13,449</b>     | <b>19.9</b>   | <b>5.7</b>         | <b>7.9</b>         |
| Financial income  | 11   | 3,709           | 3,682           | 27                | 0.7           | 0.3                | 0.4                |
| Financial costs   | 11   | (22,486)        | (7,964)         | (14,522)          | >100.0        | (1.6)              | (0.9)              |
| Share in profits/ (losses) of associates  | 10   | (15,081)        | 1,132           | (16,213)          | <(100.0)      | (1.1)              | (0.1)              |
| Impairment of shares in associates  |      | (10,349)        | -               | (10,349)          | -             | (0.7)              | -                  |
| <b>Profit before income tax</b>   |      | <b>36,886</b>   | <b>64,494</b>   | <b>(27,608)</b>   | <b>(42.8)</b> | <b>2.6</b>         | <b>7.5</b>         |

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**IV. Discussion of consolidated financial statement components (cont.)**

|  | 2008<br>PLN'000 | 2007<br>PLN'000 | Change<br>PLN'000 | Change<br>(%) | 2008<br>% of sales | 2007<br>% of sales |
|--|-----------------|-----------------|-------------------|---------------|--------------------|--------------------|
| <b>Profit before income tax</b>                      | <b>36,886</b>   | <b>64,494</b>   | <b>(27,608)</b>   | <b>(42.8)</b> | <b>2.6</b>         | <b>7.5</b>         |
| Income tax expense                                   | (16,082)        | (15,639)        | (443)             | 2.8           | (1.1)              | (1.8)              |
| <b>Net profit</b>                                    | <b>20,804</b>   | <b>48,855</b>   | <b>(28,051)</b>   | <b>(57.4)</b> | <b>1.5</b>         | <b>5.7</b>         |
| of which:  |                 |                 |                   |               |                    |                    |
| Attributable to equity holders of the Parent Company | 24,123          | 48,564          | (24,441)          | (50.3)        | 1.7                | 5.7                |
| Attributable to minority interests                   | (3,319)         | 291             | (3,610)           | <(100.0)      | (0.2)              | -                  |



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**IV. Discussion of consolidated financial statement components (cont.)**

**Presentation of the Group's financial position and results**

The following ratios characterize the Group's activities, results of operations during the audited year and its financial position as at the balance sheet date compared with prior year:

|                              | <b>2008</b>       | <b>2007</b>       |
|------------------------------|-------------------|-------------------|
| <b>Profitability ratios</b>  |                   |                   |
| - net profitability of sales | 1.5%              | 5.7%              |
| - gross margin               | 13.4%             | 18.5%             |
| - return on capital employed | 6.8%              | 16.9%             |
| <b>Liability ratios</b>      |                   |                   |
| - gearing ratio              | 66.1%             | 50.8%             |
|                              | <b>2008.12.31</b> | <b>2007.12.31</b> |
| <b>Liquidity ratios</b>      |                   |                   |
| - current ratio              | 0.4               | 0.7               |
| - quick ratio                | 0.3               | 0.6               |

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**IV. Discussion of consolidated financial statement components (cont.)**

**Consolidated balance sheet as at 31 December 2008**

**1. Goodwill**

In the audited year, goodwill increased by PLN 158,153 thousand, i.e. from PLN 142,475 thousand in the prior year to PLN 300,628 thousand as at the end of the audited period. As at 31 December 2008, goodwill broken down by particular countries is shown in the table below.

|                | <b>31.12.2008</b> |
|----------------|-------------------|
|                | <b>PLN'000</b>    |
| USA            | 114,962           |
| Russia         | 161,355           |
| Czech Republic | 5,611             |
| Hungary        | 18,700            |
| <b>TOTAL</b>   | <b>300,628</b>    |

**2. Property, plant and equipment**

Property, plant and equipment are the assets of the following consolidated companies (data for companies before consolidation eliminations):

|   | <b>31.12.2008</b> | <b>31.12.2007</b> |
|---|-------------------|-------------------|
|   | <b>PLN'000</b>    | <b>PLN'000</b>    |
| AmRest Sp. z o.o.                             | 184,417           | 136,710           |
| AmRest, LLC                                   | 111,541           | -                 |
| AmRest s.r.o.                                 | 84,976            | 56,374            |
| AmRest Kft                                    | 39,032            | 26,651            |
| OOO AmRest                                    | 38,192            | 32,695            |
| Other companies and consolidation adjustments | 34,877            | 20,233            |
| <b>TOTAL</b>                                  | <b>493,035</b>    | <b>272,663</b>    |

The increase in property, plant and equipment of PLN 220,372 thousand in the audited period was mainly the result of the acquisition of the American company and development of restaurant operations on the existing markets.

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**IV. Discussion of consolidated financial statement components (cont.)**

**3. Investments in associates**

As at the end of the audited year, investments in associates comprised mainly shares in Sfinks Polska S.A. of PLN 33,067 thousand. As at 31 December 2008, the Group showed impairment in the value of those assets of PLN 10,349 thousand in its consolidated financial statements.

**4. Trade and other receivables**

Current trade and other receivables relate to the following consolidated companies (by company data before consolidation eliminations):

|   | <b>31.12.2008</b> | <b>31.12.2007</b> |
|---|-------------------|-------------------|
|   | <b>PLN'000</b>    | <b>PLN'000</b>    |
| AmRest Sp. z o.o.                             | 26,334            | 9,208             |
| OOO AmRest                                    | 25,798            | 19,135            |
| AmRest, LLC                                   | 12,063            | -                 |
| Other companies and consolidation adjustments | 1,967             | 6,146             |
| <b>TOTAL</b>                                  | <b>66,162</b>     | <b>34,489</b>     |

The increase in receivables compared with the prior year of PLN 31,673 thousand resulted mainly from the acquisition of the American entity and the opening of new restaurants in Poland.

**5. Share capital of the Parent Company**

As at the date of this report, i.e. 30 April 2009, the Parent Company's key shareholders were:

| <b>Shareholder</b>   | <b>Number of shares held</b> | <b>Nominal value of shares held</b> | <b>Type of shares held</b> | <b>% voting rights</b> |
|----------------------|------------------------------|-------------------------------------|----------------------------|------------------------|
| BZ WBK AIB AM        | 2,870,940                    | 110,091                             | Ordinary                   | 20.24                  |
| ING OFE              | 2,481,314                    | 95,150                              | Ordinary                   | 17.49                  |
| Henry McGovern       | 1,348,010                    | 51,691                              | Ordinary                   | 9.50                   |
| Commercial Union OFE | 1,000,000                    | 38,347                              | Ordinary                   | 7.05                   |

During the year, the share capital increased by PLN 1 thousand as a result of the issuance of 15,750 shares with a nominal value of EUR 0.01 each. The issue value of the shares amounted to PLN 1,410 thousand. The shares were issued for the purpose of the employee share option plan. The share premium amounted to PLN 1,410 thousand and increased the Group's supplementary capital.

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**IV. Discussion of consolidated financial statement components (cont.)**

**6. Minority interests**

Minority interests increased from PLN 4,316 thousand in the prior year to PLN 16,812 thousand. This increase was mainly related to the acquisition of the American entity, the increase in the capital in AmRest s.r.o. and AmRest Coffee Sp. z o.o. and gaining control over SCM Sp. z o.o.

The table below presents the minority shareholdings in particular Companies.

|                          | <b>31.12.2008</b> | <b>31.12.2007</b> |
|--------------------------|-------------------|-------------------|
|                          | <b>PLN'000</b>    | <b>PLN'000</b>    |
| AmRest, LLC              | 9,193             | -                 |
| AmRest Coffee s.r.o      | 4,482             | 3,400             |
| SCM Sp. z o.o.           | 1,047             | -                 |
| AmRest Coffee Sp. z o.o. | 985               | -                 |
| Other companies          | 1,105             | 916               |
| <b>TOTAL</b>             | <b>16,812</b>     | <b>4,316</b>      |

**7. Trade and other payables**

Short-term liabilities relate to the following consolidated companies (data for companies before consolidation eliminations):

|   | <b>31.12.2008</b> | <b>31.12.2007</b> |
|---|-------------------|-------------------|
|   | <b>PLN'000</b>    | <b>PLN'000</b>    |
| AmRest Sp. z o.o.                             | 97,012            | 66,095            |
| AmRest, LLC                                   | 92,885            | -                 |
| OOO AmRest                                    | 31,704            | 12,599            |
| AmRest s.r.o.                                 | 29,730            | 21,999            |
| AmRest, Kft                                   | 6,411             | 6,109             |
| Other companies and consolidation adjustments | 11,900            | 4,725             |
| <b>TOTAL</b>                                  | <b>269,642</b>    | <b>111,527</b>    |

The increase in short-term trade and other payables compared with the prior year of PLN 158,115 thousand was due mainly to the acquisition of the American entity, opening new restaurants in the Group and acquiring more than ten restaurants in Russia.

**8. Long-term liabilities**

Long-term liabilities amounted to PLN 414,175 thousand as at the balance sheet date and comprised mainly the long-term portion of the liability in respect of the bank loan received in 2008, mainly for the purpose of repaying existing liabilities and financing new investments. As at 31 December 2008 the total balance of liabilities in respect of borrowings amounted to PLN 432,470 thousand.

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**IV. Discussion of consolidated financial statement components (cont.)**

**Consolidated income statement for the year ended 31 December 2008**

**9. Share in (losses)/profits of associates valued using the equity accounting method**

In 2008, the Group incurred a loss of PLN 15,081 thousand (a profit of PLN 1,132 thousand in 2007) on shares in profits/losses of associates valued under the equity method. The loss was incurred mainly on the shares in Sfinks Polska S.A.

**10. Net financial costs**

The loss on financing operations in 2008 amounted to PLN 18,777 thousand (the loss in 2007 amounted to PLN 4,282 thousand). In the audited period, financial costs exceeded financial income due to the significant share of the costs of servicing liabilities. Interest expense amounted to PLN 22,001 thousand in the audited year.

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**V. The independent registered auditor's statement**

- (a) The Management Board of the Parent Company provided all the information, explanations, and representations required by us in the course of the audit and provided us with a representation letter confirming the completeness of the information included in the consolidated accounting records and the disclosure of all contingent liabilities and significant post-balance-sheet events which occurred up to the date on which that letter was signed.
- (b) The scope of the audit was not limited.
- (c) The consolidation documentation was complete and accurate and it is stored in a manner ensuring its proper safeguarding.
- (d) In all material respects, the accounting policies established by the Manager of the Parent Company and the disclosure of data complied with International Financial Reporting Standards (IFRS) as adopted by the European Union. Changes in accounting policies and the effect of applying IFRS as adopted by the European Union were correctly disclosed in the notes to the financial statements. There were no changes to the accounting policies compared with the prior year.
- (e) The calculation of goodwill arising in the audited period and its recognition in the consolidated financial statements complied with IFRS as adopted by the European Union in all material respects.
- (f) The consolidation of equity items and the determination of minority interests were carried out properly in all material respects.
- (g) The eliminations of mutual balances (receivables and payables) and transactions (revenue and costs) of the consolidated entities were carried out in accordance with IFRS as adopted by the European Union.
- (h) The elimination of unrealized gains/losses of consolidated entities included in the value of assets and relating to dividends was carried out in accordance with the IFRS as adopted by the European Union in all material respects.
- (i) The notes to the financial statements present all the material information required by the IFRS as adopted by the European Union.
- (j) The information in the Group Directors' Report for the year ended 31 December 2008 has been presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information to be provided by issuers of securities and the terms and conditions for accepting as equivalent the information required by a state which is not a member state (Journal of Laws No. 33, item 259).
- (k) The consolidated financial statements for the prior year were audited by PricewaterhouseCoopers Accountants N.V. The registered auditor issued an unqualified opinion.
- (l) The consolidated financial statements of the Group as at and for the year ended 31 December 2007 were approved by Resolution no. 1 passed by the General Shareholders' Meeting of the Parent Company on 23 June 2008.

## VI. Final information and comments

This report has been prepared in connection with our audit of the consolidated financial statements of the AmRest Holdings European Company Group whose Parent Company is AmRest Holdings European Company with its registered office in Wrocław, pl. Grunwaldzki 25 - 27. The audited consolidated financial statements comprise:

- (a) the consolidated balance sheet as at 31 December 2008, showing total assets and total equity and liabilities of PLN 1,096,029 thousand (in words: one billion ninety-six million and twenty-nine thousand zloties);
- (b) the consolidated income statement for the year ended 31 December 2008, showing a net profit of PLN 20,804 thousand (in words: twenty million eight hundred and four thousand zloties);
- (c) the statement of changes in consolidated equity for the year ended 31 December 2008, showing an increase in equity of PLN 64,726 thousand (in words: sixty-four million seven hundred and twenty-six thousand zloties);
- (d) the consolidated cash flow statement for the year ended 31 December 2008, showing a net increase in cash and cash equivalents of PLN 14,993 thousand (in words: fourteen million nine hundred and ninety-three thousand zloties);
- (e) additional information on adopted accounting policies and other explanatory notes.

The consolidated financial statements were signed by the Parent Company's Management Board on 30 April 2009. This report should be read in conjunction with the Independent Registered Auditor's Opinion to the General Shareholders' Meeting and the Supervisory Board of AmRest Holdings European Company signed on 30 April 2009 on the consolidated financial statements referred to above. The opinion on the consolidated financial statements is a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual consolidated financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the consolidated financial statements as a whole.

Independent registered auditor conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o.:

Monika Grudzień-Wiśniewska  
Board Member  
Independent Registered Auditor  
No. 10298/7684

Registered Audit Company  
No. 144

Wrocław, 30 April 2009