# AmRest Holdings SE

## Interim Condensed Separate Financial Statements

## as at and for the six months ended June 30, 2010

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|---|---|
| **Wojciech Mroczyński** | **Piotr Boliński** |
| **AmRest Holdings SE** | **AmRest Holdings SE** |
| **Board Member** | **Board Member** |

Wroclaw, August 24, 2010

## Interim Separate Income Statement

## for the six months ended June 30, 2010

| *In thousands of Polish Zloty* | Note | Six months ended June 30, 2010 | Six months ended June 30, 2009 |
|---|---|---|---|
| General and administrative expenses (G&A) | | (193) | (600) |
| Finance income | 8 | 3 509 | 2 930 |
| Finance costs | 8 | (6 719) | (2 707) |
| **Loss before tax** | | (3 403) | (377) |
| Income tax expense | | (628) | - |
| **Loss for the period** | | (4 031) | (377) |
| **Basic loss per share in Polish zloty** | 12 | (0,27) | (0,03) |
| **Diluted loss per share in Polish zloty** | 12 | (0,21) | (0,03) |

## Interim Separate Statement of Comprehensive Income for the six months ended June 30, 2010

| *In thousands of Polish Zloty* | Six months ended June 30, 2010 | Six months ended June 30, 2009 |
|---|---|---|
| **Loss for the period** | (4 031) | (377) |
| **Other comprehensive income for the period, net of tax** | - | - |
| **Total comprehensive income for the period** | **(4 031)** | **(377)** |

**Interim Separate Statement of Financial Position**
**as at June 30, 2010**

| *In thousands of Polish Zloty* | Note | June 30, 2010 | December 31, 2009 |
|---|---|---|---|
| **Assets** | | | |
| Investments in associates | 2 | 387 999 | 365 429 |
| Other financial non–current assets | 3,9 | 24 516 | 30 285 |
| **Total non-current assets** | | **412 515** | **395 714** |
| | | | |
| Trade and other receivables | 5,9 | 16 343 | 24 362 |
| Other current assets | | 49 | 17 |
| Cash and cash equivalents | 7 | 409 452 | 109 337 |
| **Total current assets** | | **425 844** | **133 716** |
| **Total assets** | | **838 359** | **529 430** |
| | | | |
| **Equity** | 6 | | |
| Share capital | | 622 | 427 |
| Reserved Capital | | 603 580 | 295 229 |
| Retained earnings | | 46 682 | 50 713 |
| **Total equity** | | **650 884** | **346 369** |
| | | | |
| **Liabilities** | | | |
| Other financial non-current liabilities | 4 | 186 592 | 182 675 |
| **Total non-current liabilities** | | **186 592** | **182 675** |
| | | | |
| Loans and borrowings | | - | 161 |
| Trade and other payable | 9 | 883 | 225 |
| **Total current liabilities** | | **883** | **386** |
| **Total liabilities** | | **187 475** | **183 061** |
| **Total equity and liabilities** | | **838 359** | **529 430** |

## Interim Separate Statement of Cash Flows
## for the six months ended June 30, 2010

| *In thousands of Polish Zloty* | **Six months ended June 30, 2010** | **Six months ended June 30, 2009** |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss before tax | (3 403) | (377) |
| Adjustments for: | | |
| Interest expense, net | 3 475 | 2 430 |
| Unrealized exchange rate differences from financing activities | 245 | (2 653) |
| Change in receivables | 403 | - |
| Change in payables and other liabilities | (4 319) | - |
| Change in other assets | 799 | ( 296) |
| Interests paid | (2 193) | - |
| Income tax received | (628) | 61 |
| Other | - | ( 174) |
| **Net cash provided by operating activities** | (5 621) | (1 009) |
| **Cash flows from investing activities** | | |
| Proceeds from repayment of subsidiary loan | 4 895 | - |
| Acquisition of subsidiaries | (21 072) | - |
| **Net cash used in investing activities** | (16 177) | - |
| **Cash flows from financing activities** | | |
| Proceeds from shares issued | 307 048 | - |
| Proceeds from issuance of debt securities | 39 749 | - |
| Repayments of debt securities | (32 500) | - |
| Proceeds from cash-pooling | 7 616 | 2 982 |
| Repayments of loans and borrowings | - | ( 1 893) |
| **Net cash flows from financing activities** | 321 913 | 1 089 |
| **Net change in cash and cash equivalents** | 300 115 | 80 |
| **Cash and cash equivalents, beginning of the period** | 109 337 | - |
| **Cash and cash equivalents, end of the period** | 409 452 | 80 |

## Interim Separate Statement of Changes in Shareholders' Equity

## for the six months ended June 30, 2010

| *In thousands of Polish Zloty* | Kapitał podstawowy | Kapitały zapasowe | Zyski / (Straty) zatrzymane | **Kapitały razem** |
|---|---|---|---|---|
| **As at January 1, 2009** | **427** | **292 269** | **54 802** | **347 498** |
| **Comprehensive income** | | | | |
| Income/(loss) for the period | - | - | (377) | **(377)** |
| **Total comprehensive income** | - | - | **(377)** | **(377)** |
| **Transactions with non-controlling interests** | - | - | - | - |
| **Transactions with shareholders** | | | | |
| Employees share option scheme – value of employee services | - | 1 158 | - | **1 158** |
| **Total transactions with shareholders** | - | **1 158** | - | **1 158** |
| **As at June 30, 2009** | **427** | **293 427** | **54 425** | **348 279** |
| | | | | |
| **As at January 1, 2010** | **427** | **295 229** | **50 713** | **346 369** |
| **Comprehensive income** | | | | |
| Income/(loss) for the period | - | - | (4 031) | **(4 031)** |
| **Total comprehensive income** | - | - | **(4 031)** | **(4 031)** |
| **Transactions with non-controlling interests** | - | - | - | - |
| **Transactions with shareholders** | | | | |
| Employees share option scheme – value of employee services | - | 1 498 | - | **1 498** |
| Issue of shares | 195 | 306 853 | - | **307 048** |
| **Total transactions with shareholders** | **195** | **308 351** | - | **308 546** |
| **As at June 30, 2010** | **622** | **603 580** | **46 682** | **650 884** |

## 1 Information about company and significant accounting policy

### (a) General information

AmRest Holdings SE ('the Company') was established in the Netherlands in October 2000 as a joint-stock company. On September 19, 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 December 22, 2008, the District Court for Wroclaw-Fabryczna in Wroclaw, 6th Business Department registered the new registered office of AmRest in the National Court Register.
The address of the Company's new registered office is: pl. Grunwaldzki 25-27, Wroclaw(50-365), Poland.

The Court also registered amendments to the Company's Memorandum of Association related to the transfer of the registered office of AmRest to Poland.

AmRest is the first public company in Poland operating in the form of a European Company. The purpose of transforming AmRest into a European Company was to increase its operating effectiveness and reduce operating and administrative expenses. Following the fact of transfer into European Company and transfer of Company registered head office to Poland, the functional currency of AmRest holdings SE since January 1, 2009 is polish zloty (PLN).

The Company's core activity is management of the following entities ('the Group'):

- AmRest Sp. z o.o. (Poland), the entity being a parent in an international group comprising of entities located in Poland, as well as in Russia (OOO AmRest) and USA (AmRest, LLC),
- AmRest s.r.o. (the Czech Republic),
- AmRest BK s.r.o., (the Czech Republic),
- AmRest Acquisition Subsidiary Inc (USA).

The principal activity of the entities within the Group is operating restaurants located in Poland, the Czech Republic, USA, Bulgaria, Russia, Serbia and Hungary,.:

- based on the franchise contracts - restaurants 'KFC', 'Pizza Hut', 'Burger King', 'Applebee's' and 'Starbucks',
- as the owner of trademarks - restaurants 'Rodeo Drive'.

Pizza Hut and KFC restaurants operate on the basis of franchise agreements signed with YUM! and YUM! Restaurants International Switzerland, Sarl ("YRIS") which is a subsidiary of YUM! Each of the franchise agreements covers a period of 10 years, with the possibility of extending it for a further 10-year period, which is conditional to meeting specific terms and conditions specified in the agreements.

Burger King restaurants operate on the basis of franchise agreements signed with Burger King Europe GmbH with its registered office in Zug, Switzerland. The franchise agreements are concluded separately by each restaurant upon its being opened. Each of the franchise agreements covers a period of 10 years, with the possibility of extending it for a further 10-year period, which is conditional to meeting specific terms and conditions specified in the agreements.
The Group will open and operate Burger King restaurants according to a precisely specified development plan which stipulates a minimum number of openings in each development year, in accordance with the definition in the Development Plan.

On May 25, 2007, the Group signed agreements with Starbucks Coffee International, Inc. ("Starbucks") relating to the development of Starbucks cafés in Poland, the Czech Republic and Hungary. The agreement covers a period to May 31, 2022 and provides for an option to extend it for another 5 years, after specific terms and conditions have been met.

***(All amounts in thousands Polish Zloty unless otherwise stated)***

On July 9, 2008, AmRest LLC ("AmRest USA") purchased 80% of shares in Apple Grove Holdings, LLC ("AGH"), a limited liability company with its registered office in Delaware, USA from Grove Ownership Holding, LLC ("the Seller"), a limited liability company with its registered office in Georgia, USA.

The above transaction allowed the Group to enter the American restaurant market by acquiring 104 Applebee's® restaurants. AppleGrove Holdings, LLC has a signed franchise agreement with Applebee's Franchising LLC. The preliminary fee paid by the Group in respect of signing the franchise agreement for each Applebee's® restaurant for a period of 20 years, with the option of extending it for a further 10 years, is USD 35,000.

As at June 30th 2010, the Group, in which the Company is dominant unit, included the following subsidiaries (directly and indirectly):

| Company | City and country of incorporation | Core business | Parent/ non-controlling undertaking | Ownership interest and total vote | Date of effective control |
|---|---|---|---|---|---|
| AmRest Sp. z o.o. | Wrocław, Poland | Restaurant activity in Poland | AmRest Holdings SE | 100.00 % | December 2000 |
| AmRest s.r.o. | Prague, Czech Republic | Restaurant activity in the Czech Republic | AmRest Holdings SE | 100.00 % | December 2000 |
| International Fast Food Polska Sp. z o.o. in liquidation* | Wrocław, Poland | No operations conducted currently | AmRest Sp. Z o.o. | 100.00 % | January 2001 |
| AmRest BK s.r.o. | Prague, Czech Republic | Burger King restaurant activity in the Czech Republic | AmRest Holdings SE | 100.00 % | December 2009 |
| Pizza Hut s.r.o. | Prague, Czech Republic | No operations conducted currently | AmRest BK s.r.o.<br>AmRest Sp. Z o.o. | 99.973%<br>0.027% | December 2000 |
| AmRest Kft | Budapest, Hungary | Restaurant activity in Hungary | AmRest Sp. Z o.o. | 100.00% | June 2006 |
| AmRest Ukraina t.o.w. | Kiev, Ukraine | Established to develop and operate restaurants in Ukraine | AmRest Sp. Z o.o. | 100.00 % | December 2005 |
| AmRest Coffee Sp. z o.o | Wrocław, Poland | Operation of coffee stores in Poland | AmRest Sp. z o.o.<br>Starbucks Coffee International, Inc | 82.00 %<br>18.00% | March 2007 |
| Bécsi út.13 Kft | Budapest, Hungary | Owner of building ,where the office surface is placed | AmRest Kft | 100.00 % | April 2007 |
| AmRest EOOD | Sofia, Bulgaria | Restaurant activity in Bulgaria | AmRest Sp. Z o.o. | 100.00 % | April 2007 |

***(All amounts in thousands Polish Zloty unless otherwise stated)***

| | | | | | |
|---|---|---|---|---|---|
| AmRest Coffee s.r.o. | Wrocław, Poland | Operation of coffee stores in Czech Republic | AmRest Sp. z o.o.<br>Starbucks Coffee International, Inc | 82.00 %<br>18.00% | August 2007 |
| AmRest Acquisition Subsidiary Inc. | Wilmington, USA | Holding activity | AmRest Holding SE | 100.00 % | May 2007 |
| OOO AmRest | Petersburg, Russia | Restaurant activity in Russia | AmRest Acquisition Subsidiary Inc.<br>AmRest Sp. z o. o. | 1.56%<br>98.44% | July 2007 |
| OOO KFC Nord | Moscow, Russia | No operations conducted currently | OOO AmRest | 100.00 % | July 2007 |
| OOO Sistema Bistrogo Pitania | Moscow, Russia | No operations conducted currently | OOO AmRest | 100.00 % | July 2007 |
| AmRest Kávézó Kft | Budapest, Hungary | Operation of coffee stores in Hungary | AmRest Sp. z o.o.<br>Starbucks Coffee International, Inc | 82.00%<br>18.00% | August 2007 |
| AmRest D.O.O. | Belgrad, Serbia | Restaurant activity in Serbia | AmRest Sp. z o.o.<br>ProFood Invest GmbH | 60.00 %<br>40.00% | October 2007 |
| AmRest LLC | Wilmington, USA | Restaurant activity in USA | AmRest Sp. Z o.o. | 100.00 % | July 2008 |
| SCM Sp. z o.o. | Chotomów, Poland | Delivery services for restaurants operated by the Group | AmRest Sp. Z o.o.<br>Zbigniew Cylny<br>Beata Szafarczyk-Cylny | 51.00%<br>44.00%<br>5.00% | October 2008 |

*as at April 27, 2010 has been finished liquidation process of Company International Fast Food Polska Sp. z o.o. and has been removed from court registers.

As at June 30th 2010, the Company included the following affiliates:

| Company | City and country of incorporation | Core business | Parent Undertaking | Ownership interest and total vote | Initial investment |
|---|---|---|---|---|---|
| SCM s.r.o. | Prague, Czech Republic | Delivery services for restaurants operated by the Group | SCM Sp. z o.o. | 45.90% | March 2007 |

The Group’s offices are in Wrocław, Poland. At June 30, 2010, the restaurants operated by the Group are located in Poland, the Czech Republic, Hungary, Russia, Bulgaria, Serbia and the USA.

On April 27, 2005, the shares of AmRest Holdings SE were quoted for the first time on the Warsaw Stock Exchange ('GPW').

Before April 27, 2005, the Company's co-shareholders and entities exercising their rights from the shares held in the Company were International Restaurants Investments, LLC ('IRI') with its registered office in the United States of America, and Kentucky Fried Chicken Poland Holdings BV ('KFC BV') with its registered office in the Netherlands. The co-shareholders held 50% shares each and had the same proportion of voting rights before the Company was quoted on the stock exchange for the first time. IRI was a company controlled by American Retail Concepts, Inc. with its registered office in the United States of America ('ARC'), and KFC BV was a company controlled by YUM! Brands, Inc. ('YUM!') with its registered office in the USA.

In connection with the flotation of the Company on GPW, YUM! sold all its shares in the Company and is no more a shareholder or a related entity. Also when the Company was floated on GPW, IRI sold part of the shares held.

On April 22, 2010 was signed share subscription agreement between AmRest Holdings S.E, and WP Holdings VII B.V., following which on May 24,2010 WP Holdings VII B.V. obtained 4 726 263 shares of the Company from new emission at emission price of PLN 65 for total value of PLN 307,2 million. At June 10, 2010 was registered by the registry court in Wrocław the increase in the share capital of the Company by the amount of EUR 47 262,63 (PLN 195 374,,26). Additionally during 12 months from the date on which the described above emission shares were registered by the registry court proper for the Company's registered office, the WP Holdings VII B.V. will have an option to subscribe for additional shares in up to two instalments to the extent that its shareholding does not exceed 33% of the post-issuance share capital. The issuance price for the additional subscription shares will be PLN 75 per share.

As at June 30, 2010 the Company's largest shareholders was WP Holdings VII B.V. having 24,96% shares and voting rights.

The financial statement was approved by Management Board at August 24, 2010.

**(b) International Financial Reporting Standards compliance confirmation**

These Interim Condensed Separate Financial Statements as at and for the six months ended 30 June 2010 have been prepared in accordance with the IAS 34 Interim Financial Reporting.

These Interim Condensed Separate Financial Statements do not include all information or disclosures which are required in the annual financial statements and they should be read together with the Separate Financial Statements as at 31 December 2009.

The following new standards and interpretations came into force on 1 January 2010:

- IFRS 3 (Z) Business Combinations

The revised IFRS 3 was published by International Accounting Standards Board on January 10, 2008 and is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. The changes will allow the entities to choose to measure non-controlling interests using proportionate share in fair value of the acquiree's identifiable net assets or at fair value, remeasure its previously held equity interest in the acquire at its acquisition-date fair value and recognise the resulting gain or loss, if any, in Profit and Loss Statement. As well as additional guidance on the application of the purchase method, including treatment of costs of transaction as a cost of the period in which the cost was incurred.

The Company adopted the revised IFRS 3 from January 1, 2010. The amendment does not have a material effect on its financial statements.

- IAS 27 (Z) Consolidated and Separate Financial Statements

The revised IAS 27 was published by International Accounting Standards Board on January 10, 2008 and is effective for annual periods beginning on or after July 1, 2009. The Standard requires the effects of transactions with minority owners to be presented directly in equity as long the control over the subsidiary has been retained. The Standard also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary, i.e. any investment retained in the former subsidiary should be measured at its fair value and the difference be presented in the Profit and Loss Statement.
The Company adopted the revised IAS 27 from January 1, 2010. The amendment does not have any impact on its financial statements.

- Amendment to IAS 39 „Financial Instruments: recognition and measurement" – "Criteria for classification as hedged position".

Amendment to IAS 39 "Criteria for classification as hedged position" was published by IASB June 31, 2009 and is valid for annual periods starting from July 1, 2009 or later. Amendment covers explanation how should be in specific circumstances applied rules, whether hedged risk or part of cash flows meet criteria for hedged position. Implemented prohibition for setting inflation as potential hedge for components of debt instrument of fixed interest rate. Amendments prohibits including of temporary value for one side hedged risk, when options are treated as hedging instrument.
The Company adopted the changes to IAS 39 from January 1, 2010. The amendment does not have any impact on its financial statements.

- Amendments to IFRS 2009

On April 16, 2009, the International Accounting Standards Board published "Improvements to IFRS 2009", amending 12 standards. The amendments include changes in presentation, classification and measurement, as well as terminological and editorial changes. Most amendments are effective for annual periods beginning on or after January 1, 2010.
The Company adopted the amendments to IFRS in accordance with transition rules. The Management Board states that influence of changes is not significant.

- Improvements to IFRS 2 „Share-based payment".

Changes to IFRS 2 „Share-based payment" was published by International Accounting Standards Board on June 18, 2009 and is effective for annual periods beginning on or after January 1, 2010. The amendments clarify recognition of cash-settled share-based payments within a group. The changes clarify the scope of IFRS 2 and regulate joint adoption of IFRS 2 and other standards. The amendments include issues previously addressed in IFRIC 8 and IFRIC 11 interpretations.
The Company adopted the changes to IFRS 2 from January 1, 2010. The amendment does not have any impact on its financial statements.

- Improvements to IFRS 1 „First-time adoption of IFRS".

Changes to IFRS 1 „First-time adoption IFRS" was published by International Accounting Standards Board on July 23, 2009 and is effective for annual periods beginning on or after January 1, 2010. The amendments introduce additional exemptions from valuation of assets as of date of adoption of the IFRS for entities operating in oil and petrol markets.
Company will apply amendments according to transitional regulations. As at the date of this separate financial statements issuance, changes to IFRS 1 were not yet approved by European Union.
The Company adopted the changes to IFRS 1 from January 1, 2010. The amendment does not have any impact on its financial statements.

- IFRIC 15 „Agreements for the construction of real estate"

The interpretation IFRIC 15 was published by the Committee for Interpretation of International Financial Reporting on July 3, 2008 and is effective for annual periods beginning on or after January 1, 2010. The interpretation provides general guidance on how to evaluate construction agreements in order to determine whether its results should be presented in the financial statements in accordance with IAS 11 Construction Contracts or IAS 18 Revenue. Moreover, IFRIC 15 indicates when to recognise revenue on such transactions.
The Company has adopted IFRIC 15 since January 1, 2010. The Board of Directors believes that the change does not have a material effect on the Company's financial statements.

- IFRIC 16 „Hedges of a net investment in a foreign operation"

The interpretation IFRIC 16 was published by the Committee for Interpretation of International Financial Reporting on July 3, 2008 and is effective for annual periods beginning on or after July 1, 2009. The interpretation provides general guidance on how to determine whether there is currency risk with regards to the functional currency of a foreign entity and the presentation currency required for the parent entity's separate financial statement. Moreover, IFRIC 16 specifies which entity in the group can report the hedging instrument within hedging of a net investment in a foreign operation, in particular, whether the parent company holding the net investment in a foreign operation also has to hold the hedging instrument. IFRIC 16 also clarifies how an entity should recognize the amounts reclassified from equity into Profit and Loss Statement both for the hedging instrument and the foreign operation upon its disposal.
The Company adopted IFRIC16 from January 1, 2010. The Board of Directors believes that the change does not have a material effect on the Company's financial statements.
Furthermore reliable estimation of influence on Company's financial statement is not recognizable.

- IFRIC 17 „Distribution of non-cash assets to owners"

The interpretation IFRIC 17 was published by the Committee for Interpretation of International Financial Reporting on November 27, 2008 and is effective for annual periods beginning on or after November 1, 2009. The interpretation clarifies the moment of recognition of the dividend, its measurement and classification of the difference between the dividend's value and the carrying value of the assets to be distributed.
The Company has adopted IFRIC17 since January 1, 2010. The Management Board believes that the change does not have a material effect on the Company's financial statements.

- IFRIC 18 „Transfers of assets from customers"

The interpretation IFRIC 18 published by the Committee for Interpretation of International Financial Reporting on January 29, 2009 and is effective for annual periods beginning on or after November 1, 2009. The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of asset is met, identification of separately identifiable services (services in exchange for the transferred asset), the recognition of revenue and the accounting for transfers of cash from customers.
The Company has adopted IFRIC18 since January 1, 2010. The Management Board believes that the change does not have a material effect on the Company's financial statements.
Furthermore reliable estimation of influence on Company's financial statement is not recognizable.

- IFRIC 12 „Service concession arrangements"

IFRIC 12 „Service concession arrangements"" was issued by IFRS Interpretation Committee as at November 30, 2006 and is valid for annual periods starting from 29 March 2009 or later. This interpretation covers guidelines for application of existing standards by entities cooperating in concession arrangements between public and private sectors. IFRIC 12 covers agreements, in which ordering party

controls, which services operator provides with the use of infrastructure, who will receive this service and for what price.
The Company has adopted IFRIC 12 since January 1, 2010. Furthermore reliable estimation of influence on Company's financial statement is not recognizable.

Standards, interpretations and amendments to standards, not effective and not adopted by the Company:

- Amendments to IAS 32 „Classification of Rights Issues".

The amendment to IAS 32 „Classification of Rights Issues" was published by International Accounting Standards Board on October 8, 2009 and is valid for annual periods starting from February 1, 2010 r. or later.
The amendments apply to rights issues recognition (rights, options, warrants), denominated in a currency other than the issuing entity's functional currency. The amendments require, under certain conditions, that rights issue shall be recognised in equity irrespectively of the currency for which they are offered.
The Company will adopt amendments to IAS 32 from January 1, 2011. The Management Board believes that the change will not have a material effect on the Company's financial statements.

- Improvements to IAS 24 „Related parties disclosures".

Changes to IAS 24 „Related parties disclosures" was published by International Accounting Standards Board on 4 November 2009 and is valid for annual periods starting from January 1, 2011 r. or later.
Amendments simplify the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition an provide a partial exemption from the disclosure requirements for government-related entities.
The Company will adopt amendments to IAS 24 from January 1, 2011. The Management Board believes that the change will not have a material effect on the Company's financial statements.

- IFRS 9 „Financial instruments".

IFRS 9 „Financial instruments" was published by International Accounting Standards Board on November 12, 2009 and is valid for annual periods starting from January 1, 2013 or later.
Standard introduces on model providing only two classification categories: amortized cost and fair value. IFRS 9 approach is based on business model applied by the entity for assets managing and agreed features of financial assets. IFRS 9 requires also application of one method for impairment testing of financial assets.
The Company will adopt amendments to IFRS 9 from January 1, 2013. The Management Board believes that the change will not have a material effect on the Company's financial statements.
As at the date of issuance of this interim separate financial statements, IFRS 9 has not been adopted by European Union.

- Amendments to IFRS 1 „First-time adoption of IFRS"

Amendments to IFRS 1 "Reduced exemption from presentation of comparative data according to IFRS 7 for entities adopting IFRS first time" were published by IASB in January 21, 2010 and are valid for annual periods starting in July 1, 2010 or later.
Amendments introduce additional exemptions for entities applying IFRS for the first time concerning disclosure of information required by change in IFRS 7 issued in March 2009 in the area of fair value measurement and liquidity risk.
The Company will adopt amendments to IFRS 1 from January 1, 2011. The Management Board believes that the change will not have a material effect on the Company's financial statements.

- Amendments to IFRS 2010

IASB issued on May 6, 2010 "Amendments to IFRS 2010", that modify 7 standards. Amendments cover changes in presentation, recognition and valuation and cover also certain changes in terminology and edition. Most of the changes will be valid for annual periods starting from January 1, 2011. The Company will adopt amendments to IFRS according to transition rules. Reliable estimation of influence on Company's financial statement is not recognizable. As at the date of issuance of this interim separate financial statements, IFRS 10 has not been adopted by European Union.

- Amendments to IFRIC 14 „The limit on a defined benefit asset, minimum funding requirements and their interaction"

Amendments to IFRIC 14 were issued by IFRS Interpretation Committee in November 26, 2009 and is valid for annual periods starting from January 1, 2011 or later. This interpretation covers guidelines in the area of recognition of early payment of contribution for covering of minimal financing requirements as assets in contributing entity.
The Company will adopt amendments to IFRIC 14 from January 1, 2011. The Management Board believes that the change will not have a material effect on the Company's financial statements.

- IFRIC 19 „Extinguishing Financial Liabilities with Equity Instruments"

Document IFRIC 19 was published by IFRS Interpretation Committee at November 26, 2009 and is valid for annual periods starting July 1, 2010 or later. This interpretation explains accounting principles applied in situation when in result of renegotiation by entity of financial liabilities terms, liability is settled via issuance of equity instruments aimed to creditors. Interpretation requires valuation of equity instruments in fair value and recognition of gain or loss in value of difference between book value of financial liability and fair value of equity instrument.
The Company will adopt IFRIC19 on January 1, 2011 r. The Management Board believes that the change will not have a material effect on the Company's financial statements. Reliable estimation of influence on Company's financial statement is not recognizable.

**(c) Form of presentation**

As a result of moving the Company's headquarter to Poland the functional currency has changed to from the beginning of the financial year 2009, namely January 1, 2009, thus these Interim Condensed Separate Financial Statements have been prepared in Polish zloty.

Company is preparing consolidated financial statements of a group, in which it held parent entity role. For the full picture of financial situation of Company both financial statements should be read together.

The standalone financial statements are prepared on the historical cost basis except of assets held for sale and assets stated in fair value through profit or loss, which are stated in fair values. Non-current assets held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

These Interim Condensed Separate Financial Statements do not include all information or disclosures which are required in the annual financial statements and they should be read together with the Separate Financial Statements as at 31 December 2009.

The accounting policies have been applied consistently in all the financial years covered by the financial statements.

***(All amounts in thousands Polish Zloty unless otherwise stated)***

## 2 Investments in subsidiaries

The table below presents the number and value of the shares owned by the Company in its subsidiaries as at June 30, 2010 and December 31, 2009.

| | **June 30, 2010** | | **December 31, 2009** | |
|---|---|---|---|---|
| | Interest ownership | Value of shares | Interest ownership | Value of shares |
| AmRest Sp. z o.o. (Poland)* | 100% | 210 792 | 100% | 209 295 |
| AmRest s.r.o. (The Czech Republic) | 100% | 9 148 | 100% | 9 148 |
| AmRest BK s.r.o. (The Czech Republic) | 100% | 21 105 | 100% | 32 |
| AmRest Acquisition Subsidiary (USA)** | 100% | 146 954 | 100% | 146 954 |
| **Total** | - | **387 999** | - | **365 429** |

* The value of shares in AmRest Sp. z o. o. was increased by capitalized costs of the share option plan (share options granted to the employees of the subsidiaries). The costs capitalised in the value of investments in subsidiaries amounted to 10 797 TPLN as at June 30, 2010 and 9 299 TPLN as at December 31, 2009.

** As at May 15, 2007 AmRest Holdings SE created AmRest Acquisition Subsidiary, Inc. with its seat in Delaware, United States of America. As at July 2, 2007 AmRest Acquisition Subsidiary, Inc. Bought from Michael Tseytin 100% of shares in US Strategies Inc., with its seat in New Jersey, USA controlling 91% of shares and voting rights in OOO Pizza Nord (current name OOO AmRest) – franchisee of Pizza Hut and RostiksKFC in Russia. At the same day, AmRest Sp. z o. o. (100% subsidiary of AmRest Holdings SE) bought remaining 9% of shares and voting rights in OOO Pizza Nord from independent natural people. As a consequence of above described transaction Group obtained effectively 100% control over OOO Pizza Nord and their 19 Pizza Hut restaurants and 22 RostiksKFC restaurants, operating in Russia (mainly in Sankt Petersburg and Moscow). As a result Company has obtained accordingly 75% and 20% market share in Pizza Hut restaurants and KFC in Russia. On Russian markets there are several franchisees of KFC and Pizza Hut, which do not have exclusivity for operating in this region. As at July 2, 2007 US Strategies Inc. and AmRest Acquisition Subsidiary, Inc have merged creating on legal entity named AmRest Acquisition subsidiary, Inc.

As at June 30, 2010 the Company has not recognised impairment on the investments in subsidiaries.

***(All amounts in thousands Polish Zloty unless otherwise stated)***

## 3 Loans granted to subsidiaries

Borrower – AmRest s.r.o.

Historic loan amount – 25 431 TPLN

Loan value together with interests on balance sheet date – 24 516 TPLN

Interest rate – PRIBOR +2,5%

Effective interest rate as at June 30, 2010 – 3,51%

The table below presents the change of loan value during the six months period ended 30 June 2010:

| | |
|---|---|
| **As at January 1, 2010** | **30 285** |
| Repayment of capital | (4 895) |
| Repayment of interests | (831) |
| Interests accrued | 202 |
| Foreign exchange valuation | 524 |
| Foreign currency valuation from currency translation | (769) |
| **As at June 30, 2010** | **24 516** |

The loan is not secured. Fair value of the loan does not differ materially from carrying balance sheet value.

As at March 11, 2010 was signed agreement for currency translation of loan, according to which derived from loan agreements value (together with interests) was converted as at March 1, 2010 from Czech crowns into Polish zloty at average NBP exchange rate from March 1, 2010 in proportion 1CZK-0,1520 PLN. Following such valuation value of loan was equal to PLN 25 430 558.

According to loan agreement annexes dated February 15, 2010 interests were changed and from January 1, 2010 are equal PRIBOR+2,5%. Despite the valuation, PRIBOR is still used to interest calculation.

In May 2010 loan partial repayment was made in value of PLN 4 895 295 and interests in value of PLN 830 954,93.

## 4 Liabilities

### Liabilities to subsidiaries

As at June 30, 2010 the Company had financial liability to its subsidiary (AmRest Sp. z o.o.) related to zero coupon bonds specified as below:

Date of issue – June 3, 2007
Number of bonds issued - 100
Emission price of 1 bond – 839 107 PLN
Total value of bonds issued – 83 910 700 PLN
Nominal value of 1 bond – 650 000 PLN
Total nominal value of bonds issued – 65 000 000 PLN
Termination date – 5 years after issue
Effective interest rate – 5,03%

***(All amounts in thousands Polish Zloty unless otherwise stated)***

The table below presents the change of value of financial liability relating to bonds issued during the six months period ended June 30,2010:

| | |
|---|---|
| **As at January 1, 2010** | **73 528** |
| Interest | 1 507 |
| Interests repaid | (4 923) |
| Nominal value repaid | (32 500) |
| **As at June 30, 2010** | **37 612** |

The bonds were issued for the purpose of financing the purchase of 100% shares in US Strategies, Inc. The purchase was finalised on 2 July 2007 as a three side transaction with use of related party – AmRest Acquisition Subsidiary, Inc. As at acquisition date both entities- US Strategies Inc. and AmRest Acquisition Subsidiary Inc. merged creating one entity AmRest Acquisition Subsidiary Inc. Total value paid for acquisition constitutes historical value of investment in subsidiary – AmRest Acquisition Subsidiary, Inc.

As at April 21, 2010 the Company repaid 50 items of bonds and value of interests carried by repaid bonds accrued as at April 21, 2010.

**Liabilities to non related entities**

As a t December 30, 2009 the Company issued bonds for total value of PLN 110 000 000 ,00 at following terms

Date of issue – December 30, 2009
Number of bonds issued – 11 000
Emission price of 1 bond – 10 000 PLN
Nominal value of 1 bond – 13 779 PLN
Total value of bonds issued – 110 000 000 PLN
Total nominal value of bonds issued – 151 568 789 PLN
Termination date – December 30, 2014
Interest rate – floating
Base rate - WIBOR 6M

Value of liability from issued bonds as at June 30, 2010 – 109 231 TPLN

Bonds were issued in order to finance Group investment activity.

| | |
|---|---|
| **As at January 1, 2010** | **109 308** |
| Interest | 4 173 |
| Costs of bonds issuance | (54) |
| Interests repaid | (4 196) |
| **As at June 30, 2010** | **109 231** |

As at February 24, 2010 the Company issued bonds for total value of PLN 40 000 000 ,00 at following terms:

Date of issue – February 24, 2010
Number of bonds issued – 4 000
Emission price of 1 bond – 10 000 PLN

***(All amounts in thousands Polish Zloty unless otherwise stated)***

Total value of bonds issued – 40 000 000 PLN
Termination date – December 30, 2014
Interest rate – floating
Base rate - WIBOR 6M

Bonds were issued in order to finance Group investment activity.

| | |
|---|---|
| **As at February 24, 2010** | **40 000** |
| Costs of bonds issuance | (251) |
| Interest | 1 040 |
| Interests repaid | (1 040) |
| **As at June 30, 2010** | **39 749** |

As at June 30, 2010 value of interests accrued on bonds till June 30, 2010 was fully repaid.

## 5 Trade and other receivables

As at June 30, 2010 the Company has receivables of following characteristics:

| **Receivables descriptions** | **June 30, 2010** | **December 31, 2009** |
|---|---|---|
| Receivables from related parties – cash pooling – AmRest Sp. z o. o. | 13 994 | 21 610 |
| Receivables from related parties – AmRest Sp. z o. o. | 2 184 | 2 184 |
| Receivables from related parties – AmRest s.r.o. | - | 456 |
| Receivables from related parties – AmRest Kft | 5 | - |
| Receivables from related parties – AmRest Coffee s.r.o. | 2 | - |
| Receivables from related parties – AmRest LLC | 17 | - |
| Receivables from income tax | 83 | - |
| Receivables from VAT | 40 | 96 |
| Other receivables | 18 | 16 |
| **Total of receivables as for the end of given date** | **16 343** | **24 362** |

## 6 Equity

*Share capital*

As described in Note 1a, on April 27, 2005, the shares of AmRest Holdings SE commenced trading on the Warsaw Stock Exchange (“WSE”) in Warsaw, Poland.

As at June 30, 2010 the share capital consisted of 18 912 619 shares fully paid. Nominal value of one share is 1 eurocent (0,01 euro).

Holders of ordinary shares are authorized to receive dividend and have voting rights at the Group’s General Shareholders’ Meetings (“AGM”) proportionate to their holdings.

Shareholders structure as at the date of this financial statements issuance is presented below:

***(All amounts in thousands Polish Zloty unless otherwise stated)***

| Shareholders | Shares amount | Share in Equity % | Share at AGM % |
|---|---|---|---|
| WP Holdings VII B.V. * | 4 726 263 | 24,96% | 24,96% |
| BZ WBK AIB AM ** | 3 583 385 | 18,93% | 18,93% |
| ING OFE | 2 822 812 | 14,91% | 14,91% |
| Henry McGovern *** | 1 295 110 | 6,84% | 6,84% |
| AVIVA OFE | 1 000 000 | 5,28% | 5,28% |

* Changes in share capital results from realization of share subscription agreement with WP Holdings VII B.V. registered in Amsterdam, Holland signed April 22, 2010. As at June 10, 2010 took place share capital increase of the Company. WP Holdings VII B.V. become owner of 4 726 263 shares, each of nominal value of EUR 0,01. WP Holdings VII B.V. that is subsidiary of Warburg Pincus, one of leading global private equity investors.
** BZ WBK ASSET MANAGEMENT S.A. governs assets which are accounted mostly for funds owned by BZ WBK AIB TFI
*** shares owned directly by Henry McGovern and companies directly related to him i.e. IRI and MPI.

*Reserved capital*

Structure of other supplementary capital covers mostly non-refundable capital deposit without additional share issue, made by shareholders of the Group before entry on WSE.

Payments made by WP Holdings VII B.V. in value exceeding nominal value of shares issued increased other supplementary capital of the Company.

## 7 Cash and cash equivalents

Cash and cash equivalents as at June 30, 2010 and December 31, 2009 are presented in table below:

| | **June 30, 2010** | **December 31, 2009** |
|---|---|---|
| Cash at bank | 409 450 | 109 335 |
| Cash in hand | 2 | 2 |
| | **409 452** | **109 337** |

## 8 Finance income and expenses

| | **Six months ended June 30, 2010** | **Six months ended June 30, 2009** |
|---|---|---|
| Income from interests on deposits | 2 685 | 277 |
| Income from interests on loans | 561 | 2 653 |
| Other exchange rate gains | 263 | - |
| **Finance income, total** | **3 509** | **2 930** |
| | | |
| Interest expense | 6 719 | 1 895 |
| Other financial expenses | - | 812 |
| **Finance expenses, total** | **6 719** | **2 707** |

***(All amounts in thousands Polish Zloty unless otherwise stated)***

## 9 Transactions with related parties

**Receivables from related parties**

| | As at June 30, 2010 | As at December 31, 2009 |
|---|---|---|
| AmRest sp. z o.o. | 16 179 | 23 794 |
| AmRest s.r.o. | - | 456 |
| AmRest Kft | 5 | - |
| AmRest Coffee s.r.o. | 2 | - |
| AmRest LLC | 17 | - |
| | **16 203** | **24 250** |

**Loans granted to related parties**

| | As at June 30, 2010 | As at December 31, 2009 |
|---|---|---|
| AmRest s.r.o. | 24 516 | 30 285 |
| | **24 516** | **30 285** |

**Liability component of bonds**

| | As at June 30, 2010 | As at December 31, 2009 |
|---|---|---|
| AmRest sp. z o.o. | 37 612 | 73 527 |
| | **37 612** | **73 527** |

**Trade and other payables**

| | As at June 30, 2010 | As at December 31, 2009 |
|---|---|---|
| AmRest Sp. z o.o. | 217 | 147 |
| | **217** | **147** |

## 10 Commitments and contingencies

In accordance with the loan contract signed on 15 December 2008 the Company is the guarantor of loans taken by its subsidiaries: AmRest Sp. z o.o. and AmRest s.r.o. Total limit of loans for all three entities was awarded at the level of PLN 440 million. As at June 30, 2010 usage of the loan by related parties is PLN 348,5 million (AmRest sp. z o. o.) and CZK 421,7 million (PLN 67,9 million) (AmRest s.r.o.) that results in total of PLN 416,4 million.

Interests for loans are 3M WIBOR + 2% margin (AmRest sp. z o. o.) and 3M PRIOBOR + 2% margin (AmRest s.r.o.). Effective interest rate of loan in Poland as at June 30, 2010 is 6,35%.

As a result of good financial position of related parties, there is no risk of related parties loan repayment contribution from financial resources of Company.

## 11 Financial instruments

The Company is exposed to a variety of financial risks: market risk (including currency and interest rate risk) and - to a limited extent - credit risk. The risk management program implemented by the Company is based on the assumption of the unpredictability of the financial markets and is used to maximally limit the impact of negative factors on the Company's financial results..

Risk management is carried out based on procedures approved by the Management Board.

*Credit risk*

Financial instruments that are exposed to the credit risk include receivables and loans. As at June 30, 2010 maximum amount exposed to credit risk was 40 859 TPLN and consists of:

- intercompany receivables for loan granted to related party in the amount of 24 516 TPLN (Note 3),
- receivable from cashpooling and other receivables in the amount of 16 343 TPLN (Note 5).

The Company did not recognize impairment of assets listed above as well as not did create any write-offs.

*Interest rate risk*

The loan granted to the subsidiary (Note 3) was based on a floating interest rate. As at June 30, 2010, the Company did not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results.

Bonds obligation issued to the subsidiary (Note 4) is based on a fixed interest rate. As at June 30, 2010 the exposure to fair value risk of the obligation was not hedged. The fair value of that instruments, do not differ significantly from its carrying value.

*Foreign currency risk*

The Company is exposed to the foreign currency risk mainly due to the receivables and payables valuation denominated in currencies other than functional currency of the Company.

*Liquidity risk*

The Company does not provide any operating activities except of holding activity, which results in no need of constant access to the financing and control over timely liability payments.

For the purpose of financing of the investment in the subsidiary (establishment of AmRest Acquisition Subsidiary and acquisition of 100% of shares in USSI, Note 2) the Company issued bonds (Note 4). As described in Note 4, these are zero coupon bonds to be terminated in 2012.

For the purpose of financing of investment activities of the Group Company has issued bonds (Note 4) for the amount of PLN 110 million and PLN 40 million. These bonds are terminated in 2014. Description of this bonds is presented in note 4.

*Capital risk*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and financing of investments in subsidiaries.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total engaged capital. Net debt is calculated as total borrowings (including borrowings and payables) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The gearing ratios at June 30, 2010 and December 31, 2009 were as follows:

***(All amounts in thousands Polish Zloty unless otherwise stated)***

| | June 30, 2010 | December 31, 2010 |
|---|---|---|
| Bonds obligations and other liabilities | 187 475 | 183 061 |
| Less: cash and cash equivalent | 409 452 | 109 337 |
| Net debt | (221 977) | 73 724 |
| Total equity | 650 884 | 346 369 |
| Capital involved | 428 907 | 420 093 |
| Gearing ratio | (51%) | 17,5% |

## 12 Earnings per share

The basic and diluted earnings per ordinary share for the 6-month period of 2010 and 2009 were calculated as follows:

| | Six months ended June 30, 2010 | Six months ended June 30, 2009 |
|---|---|---|
| Loss for the period | (4 031) | (377) |
| Weighted average number of ordinary shares in issue | 14 708 595 | 14 186 356 |
| Impact of share issuance | 4 204 024 | - |
| Impact of share options awarded in 2005 | 19 183 | 24 282 |
| Impact of share options awarded in 2006 | 9 223 | - |
| Impact of share options awarded in 2007 | - | - |
| Impact of share options awarded in 2008 | - | - |
| Impact of share options awarded in 2009 | 13 469 | - |
| Impact of share options awarded in 2010 | 27 236 | - |
| Weighted average number of ordinary shares in issue | 18 981 730 | 14 210 638 |
| Loss per ordinary share | | |
| Basic earnings per ordinary share | (0,27) | (0,03) |
| Diluted earnings per ordinary share | (0,21) | (0,03) |

## 13 Significant events after the balance sheet date

No significant events were noted after period covered by these financial statements end .