AmRest Holdings SE

Condensed Interim Consolidated Financial Statements

as at and for the six months ended 30 June 2010

Contents

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AmRest Holdings SE	**AmRest Holdings SE**
Board Member	**Board Member**

Wroclaw, 24 August 2010

Interim Consolidated 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*
Continuing operations			
Restaurant sales	2	982 122	1 035 493
Restaurant expenses:			
Costs of food		(310 765)	(330 339)
Direct marketing costs		(45 862)	(46 785)
Direct depreciation and amortization expenses		(45 135)	(40 129)
Payroll and employee benefits		(253 793)	(267 828)
Continuing franchise fees		(51 897)	(54 379)
Occupancy and other operating expenses		(187 460)	(199 397)
Total restaurant expenses		(894 912)	(938 857)
Gross profit on sales		87 210	96 636
General and administrative expenses (G&A)		(51 620)	(55 431)
Depreciation and amortization expenses (G&A)		(4 525)	(4 038)
Other operating income		10 580	11 451
(Loss) on disposal of property, plant and equipment and intangibles		(2 443)	(969)
Impairment losses		(1 065)	(6 165)
Operating profit		38 137	41 484
Finance costs	4	(18 907)	(17 683)
Finance income	3	12 205	16 213
Share in post tax profits of associates	18	18	24
(Loss) on disposal of associates	18	-	(2 608)
Profit before tax		31 453	37 430
Income tax expense	5	(6 547)	(6 080)
Profit for the period from continuing operations		24 906	31 350
Discontinued operations			
Loss on discontinued operations	6	(1 004)	(5 034)
Profit for the period		23 902	26 316
Profit attributable to:			
Non controlling interests		(43)	854
Equity holders of the parent		**23 945**	**25 462**
Profit for the period		23 902	26 316
Basic earnings per share in Polish zloty	1	1,63	1,79
Diluted earnings per share in Polish zloty	1	1,26	1,79
Continuing operations			
Basic earnings per share in Polish zloty	1	1,70	2,15
Diluted earnings per share in Polish zloty	1	1,31	2,15
Discontinued operations			
Basic loss per share in Polish zloty	1	(0,07)	(0,35)
Diluted loss per share in Polish zloty	1	(0,05)	(0,35)

The Interim Consolidated Income Statement has to be analyzed jointly with the notes which constitute an integral part of these Condensed Interim Consolidated Financial Statements.

*Data for 2009 were adjusted and to not reconcile with data published as at June 30, 2009, description of adjustments was presented in Consolidated Annual Financial Statements for 12 th months ended December 31, 2009.

Interim Consolidated 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***
Profit for the period	23 902	26 316
Other comprehensive income:		
Currency translation differences from conversion of foreign entities	53 504	48 931
Cash flow hedges	-	8 528
Currency translation differences from translation of loan	-	(1 362)
Other comprehensive income for the period, net of tax	53 504	56 097
Total comprehensive income for the period	77 406	82 413
Profit attributable to:		
Equity holders of the parent	77 449	81 559
Non controlling interests	(43)	854

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*Data for 2009 were adjusted and to not reconcile with data published as at June 30, 2009, description of adjustments was presented in Consolidated Annual Financial Statements for 12 th months ended December 31, 2009.

Interim Consolidated Statement of Financial Position
as at June 30, 2010

In thousands of Polish Zloty

	Note	30.06.2010	30.06.2009*
Assets			
Property, plant and equipment	7	569 975	538 650
Goodwill		323 880	285 214
Other intangible assets	8	48 013	45 756
Investment in associates		190	172
Leasing receivables		527	715
Other non-current assets		24 466	23 332
Financial assets available for sale		3 786	3 514
Deferred tax assets		13 825	14 671
Total non-current assets		984 662	912 024
Inventories	9	19 380	21 051
Trade and other receivables	10	42 437	33 484
Corporate income tax receivables		2 515	6 638
Leasing receivables		153	119
Other current assets		18 959	15 197
Assets available for sale		2 900	3 434
Cash and cash equivalents	11	484 263	159 148
Total current assets		570 607	239 071
Total assets	2	1 555 269	1 151 095
Equity			
Share capital	12	622	427
Reserves	12	590 832	282 481
Retained earnings		80 556	56 611
Translation reserve		86 679	33 175
Equity attributable to shareholders of the parent		758 689	372 694
Non- controlling interests		10 364	10 197
Total equity		769 053	382 891
Liabilities			
Interest-bearing loans and borrowings	13	151 239	112 512
Finance lease liabilities	15	3 545	3 408
Employee benefits		2 553	2 580
Provisions		9 053	8 980
Deferred tax liability		15 053	13 030
Other non-current liabilities		2 837	2 002
Total non-current liabilities		184 280	142 512
Interest-bearing loans and borrowing	13	419 791	424 526
Finance lease liabilities	15	440	516
Trade and other payables	14	181 622	200 646
Income tax liabilities		83	4
Total current liabilities		601 936	625 692
Total liabilities	2	786 216	768 204
Total equity and liabilities		1 555 269	1 151 095

The Interim Consolidated Income Statement has to be analyzed jointly with the notes which constitute an integral part of these Condensed Interim Consolidated Financial Statements.

*Data for 2009 were adjusted, description of adjustments was presented in Consolidated Annual Financial Statements for 12 th months ended December 31, 2009.

Interim Consolidated 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		
Profit before tax from continuing operations	31 453	37 430
Loss from discontinued operations	(1 004)	(5 034)
Adjustments for:		
Share of (profit)/loss of associates	(18)	2 584
Non-controlling interests	(44)	854
Amortization	3 211	2 319
Depreciation	46 449	41 848
Interest expense, net	14 912	15 543
Unrealised foreign exchange gains on financial activity	(9 311)	(3 083)
(Gain) on PUT option revaluation	-	(11 736)
Loss on disposal of fixed assets	2 443	969
Impairment of assets	1 862	6 165
Equity-settled share-based payments expenses	1 498	1 158
Working capital changes:		
Change in receivables	(3 959)	(2 160)
Change in inventories	3 114	1 941
Change in other assets	(3 946)	683
Change in payables and other liabilities	(36 184)	(12 358)
Change in provisions and employee benefits	(28)	117
Income tax (paid)/received	(816)	(10 606)
Interest paid	(14 989)	(15 543)
Other	4 371	(5 753)
Net cash provided by operating activities	**39 014**	**45 338**
Cash flows from investing activities		
Acquisition of subsidiaries, settlement	1 200	-
Proceeds from the sale of associates	-	30 465
Proceeds from transactions with non-controlling interests	504	-
Proceeds from the sale of property, plant and equipment and intangible assets	791	2 767
Acquisition of property, plant and equipment	(57 002)	(58 450)
Acquisition of intangible assets	(1 833)	(4 748)
Expense for related parties loans	(763)	-
Net cash used in investing activities	**(57 103)**	**(29 966)**
Cash flows from financing activities		
Proceeds from shares issued	307 048	-
Proceeds from debt securities issued	39 749	-
Proceeds from borrowings	-	30 000
Repayment of borrowings	(7 574)	(15 707)
Repayment of debt securities issued	-	(10 000)
Dividend paid for non controlling interest owners	(294)	-
Proceeds/repayment of finance lease payables	61	3
Proceeds/repayment of finance lease receivables	154	-
Net cash provided by financing activities	**339 144**	**4 296**
Przepływy pieniężne netto razem	325 115	21 870
Net change in cash and cash equivalents	321 055	19 668

Cash and cash equivalents, beginning of the period	159 148	37 583
Effect of foreign exchange rate fluctuations	4 060	2 202
Cash and cash equivalents, end of the period	**484 263**	**59 453**

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AmRest Holdings SE

Interim Consolidated Statement of Changes in Shareholders' Equity for the six months ended June 30, 2010

	Attributable to equity holders						
	Issued capital	Reserved capital	Retained Earnings	Cumulative translation adjustments	**Total equity attributable to equity holders of the parent**	Non-controlling interest	**Total Equity**
As at 01.01.2009	427	276 508	18 379	59 610	**354 924**	17 386	**372 310**
COMPREHENSIVE INCOME							
Income/(loss) for the period	-	-	25 462		**25 462**	854	**26 316**
Currency translation differences	-	-	-	13 192	**13 192**	-	**13 192**
Impact of cash flow hedging	-	8 528	-	-	**8 528**	-	**8 528**
Deferred income tax concerning cash flow hedges	-	(1 362)	-	-	**(1 362)**	-	**(1 362)**
Total Comprehensive Income	**-**	**7 166**	**25 462**	**13 192**	**45 820**	**854**	**46 674**
TRANSACTION WITH NON CONTROLLING SHAREHOLDERS							
Equity attributable to non controlling interests	-	-	-	-	-	1 906	**1 906**
Total with non controlling shareholders	**-**	**-**	**-**	**-**	**-**	**1 906**	**1 906**
TRANSACTION WITH SHAREHOLDERS							
Capitalization of loan currency differences	-	(6 170)	-	-	**(6 170)**	-	**(6 170)**
Currency translation differences	-	859	-	-	**859**	-	**859**
Employees share option scheme – value of employee services	-	1 158	-	-	**1 158**	-	**1 158**
Total transaction with shareholders	**-**	**(4 153)**	**-**	**-**	**(4 153)**	**-**	**(4 153)**
As at 30.06.2009	427	279 521	43 841	72 802	**396 591**	20 146	**416 737**
As at 01.01.2010	427	282 481	56 611	33 175	**372 694**	10 197	**382 891**
COMPREHENSIVE INCOME							
Income/(loss) for the period	-	-	23 945	-	**23 945**	(43)	**23 902**
Currency translation differences	-	-	-	53 504	**53 504**	-	**53 504**
Total Comprehensive Income	**-**	**-**	**23 945**	**53 504**	**77 449**	**(43)**	**77 406**
TRANSACTION WITH NON CONTROLLING SHAREHOLDERS							
Equity attributable to non controlling interests	-	-	-	-	-	503	**503**
Dividends	-	-	-	-	-	(294)	**(294)**
Total with non controlling shareholders	**-**	**-**	**-**	**-**	**-**	**209**	**209**
TRANSACTION WITH SHAREHOLDERS							
Share issue	195	306 854	-	-	**307 049**	-	**307 049**
Employees share option scheme – value of employee services	-	1 498	-	-	**1 498**	-	**1 498**
Total transaction with shareholders	**195**	**308 352**	**-**	**-**	**308 547**	**-**	**308 547**
As at 30.06.2010	622	590 833	80 556	86 679	**758 690**	10 363	**769 053**

*Data for 2009 were adjusted and to not reconcile with data published as at June 30, 2009, description of adjustments was presented in Consolidated Annual Financial Statements for 12th months ended December 31, 2009.

1 Information on the Group and significant accounting policies

(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 registered the new 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).

Hereafter, the Company and its subsidiaries shall be referred to as 'the Group'.

The Group's Interim Condensed Consolidated Financial Statements for the six months period ended June 30, 2010 cover the Company, its subsidiaries and the Group's shares in associates. Company Amrest LLC prepares financial statements for the period of six months ending June 27, 2010.

These Interim Condensed Consolidated Financial Statements were approved by the Company's Management Board on August 24, 2010.

The Group's core activity is operating Kentucky Fried Chicken ('KFC'), Pizza Hut, Burger King and Starbucks restaurants through its subsidiaries in Poland, the Czech Republic, Hungary, Russia, Serbia and Bulgaria on the basis of franchises granted, and Applebee's® in 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.

(All amounts in Polish Zloty thousands unless otherwise stated)

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.

Pursuant to the information held by the Company, as of the half-yearly report, i.e. August 24, 2010, following shareholders submitted information on holding directly or indirectly (through subsidiaries) at least 5% of the number of votes at the General Shareholders Meeting of AmRest Holdings SE ('AmRest'):

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%

* BZ WBK AIB AM 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.

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.

On March 8, 2007, the Company signed a "Development Agreement" with Burger King Europe GmbH ("BKE"), relating to opening and operating Burger King restaurants in Poland on a franchise basis. Burger King restaurants operate on the basis of franchise agreements signed with Burger King Europe GmbH with its registered office in Zug, Switzerland.

The main terms and conditions of the signed "Development Agreement" are as follows:

- During the first two years after opening the first Burger King restaurant by the Group, BKE will pay to the advertising and sales promotion fund an amount equal to 2.5% of the monthly sales of all Burger King restaurants operated by the Group. During the third year of opening the first Burger King restaurant by the Group, BKE will pay to the advertising and sales promotion fund an amount equal to 2.0% of the monthly sales of all Burger King restaurants operated by the Group.
- During the first five years, the preliminary fee paid by the Group in respect of franchise agreements concluded for each Burger King restaurant for a period of 10 years will amount to USD 25,000 (should the Group extend the franchise period for a further 10 years, the fee for renewing the franchise will amount to another USD 25,000). Upon opening each consecutive Burger King restaurant exceeding

the number of restaurants specified in the development plan, the preliminary fee will be reduced by 50%.

- The Group will open and operate Burger King restaurants according to a precisely specified development plan which stipulates the minimum number of openings in each development year, in accordance with the definition contained in the Development Plan.

As at June 30, 2010, the Group had 23 open Burger King restaurants.

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 31 May 2022 and provides for an option to extend it for another 5 years, after specific terms and conditions have been met.

The Parties established three separate companies in each of the 3 countries: Poland, the Czech Republic and Hungary. On March 24, 2007, a new company was established in Poland – AmRest Coffee Sp. z o.o. The Czech AmRest Coffee s.r.o. was established on August 14, 2007, and the Hungarian AmRest Kávézó on August 31, 2007. These companies are the only entities authorized to develop and run Starbucks cafés in Poland, the Czech Republic and Hungary, without exclusivity rights to some of the institutional locations.

The Group took up 82% and Starbucks 18% of the share capital in the newly established companies. In the third and fourth year after establishing the companies, if the Group does not meet the commitments relating to opening and operating a minimum number of Starbucks cafés in Poland, the Czech Republic and Hungary, Starbucks will be entitled to increase its share in the companies by purchasing additional shares (maximum up to 50%). In the fifth and ninth year Starbucks will have an unconditional option to increase its shares to a maximum of 50%. In the event of a disputed take-over or change of control over the Company and/or its shareholders, Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. According to Company’s Management assessment as at the day of this financial statement issuance, there are no material indicators making mentioned above options realizable.

The Group will be obliged to develop and run Starbucks cafés in accordance with the development plan which stipulates the minimum number of cafés to be opened each year in the period of the agreements being in force. Should the Group not discharge the duties following from the development plan, Starbucks will be entitled to charge it contractual penalty or terminate the agreements. The Agreements also include provisions relating to deliveries of coffee and other basic raw materials from Starbucks or other approved or determined suppliers.

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.

Notes to Interim Condensed Consolidated Financial Statements
(All amounts in Polish Zloty thousands unless otherwise stated)

As at June 30, 2010, the Group comprised the following subsidiaries:

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. AmRest Sp. Z o.o.	99.973% 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. Starbucks Coffee International, Inc	82.00 % 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
AmRest Coffee s.r.o.	Wrocław, Poland	Operation of coffee stores in Czech Republic	AmRest Sp. z o.o. Starbucks Coffee International, Inc	82.00 % 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. AmRest Sp. z o. o.	1.56% 98.44%	July 2007

(All amounts in Polish Zloty thousands unless otherwise stated)

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. Starbucks Coffee International, Inc	82.00% 18.00%	August 2007
AmRest D.O.O.	Belgrad, Serbia	Restaurant activity in Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60.00 % 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. Zbigniew Cylny Beata Szafarczyk-Cylny	51.00% 44.00% 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 30, 2010, the Group comprised the following associated entities included in the Interim Condensed Consolidated Financial Statements under the equity method:

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.	40.50%	March 2007

The Group's offices are located in Wroclaw, Poland. As at June 30, 2010, the restaurants operated by the Group are located in Poland, the Czech Republic, Hungary, Russia, Bulgaria, Serbia and the USA.

(b) Basis of preparation and accounting policies

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

These Interim Condensed Consolidated 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 annual Consolidated Financial Statements of the Group as at December 31, 2010.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 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 Group 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 Group adopted the revised IAS 27 from January 1, 2010. The amendment does not have any impact 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 Group adopted the changes to IAS 39 from January 1, 2010. The amendment does not have any impact 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 Group adopted the amendments to IFRS in accordance with transition rules. The Management Board states that influence of changes is not significant.

- Amendments to IFRS 2008

In May 2008, the International Accounting Standards Board published "Improvements to IFRS 2008", amending 20 standards, including IFRS 5 Fixed assets held for sale and discontinued operations. It is

effective for annual periods beginning on or after 1 July 2009 r. The Company did not apply previously added amendments regarding discontinued operations.
The Group adopted the changes to IFRS 5 from 1 January 2010. The amendment does not have any impact its financial statements.

- 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 Group adopted the changes to IFRS 2 from January 1, 2010. The amendment does not have any impact 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.
Group will apply amendments according to transitional regulations. As at the date of this consolidated financial statements issuance, changes to IFRS 1 were not yet approved by European Union.
The Group adopted the changes to IFRS 1 from January 1, 2010. The amendment does not have any impact 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 Group has adopted IFRIC 15 since January 1, 2010. The Board of Directors believes that the change does not have a material effect on the Group 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 consolidated 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 Group adopted IFRIC16 from January 1, 2010. The Board of Directors believes that the change does not have a material effect on the Group financial statements.
Furthermore reliable estimation of influence on Group 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 Group has adopted IFRIC17 since January 1, 2010. The Management Board believes that the change does not have a material effect on the Group 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 Group has adopted IFRIC18 since January 1, 2010. The Management Board believes that the change does not have a material effect on the Group financial statements. Furthermore reliable estimation of influence on Group 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 Group has adopted IFRIC 12 since January 1, 2010. Furthermore reliable estimation of influence on Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 consolidated financial statements, IFRS 9 have 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 Group 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 Group 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 Group will adopt amendments to IFRS according to transition rules. Reliable estimation of influence on Group financial statement is not recognizable. As at the date of issuance of this interim consolidated financial statements, IFRS 10 have 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 Group 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 Group 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 Group will adopt IFRIC19 on January 1, 2011 r. The Management Board believes that the change will not have a material effect on the Group financial statements. Reliable estimation of influence on Group financial statement is not recognizable.

(c) Seasonal fluctuations in production and sales

The seasonal fluctuations in sales and inventory of the Group are not significant which is characteristic for the entire restaurant industry.

The lowest sales are recorded in the first quarter of the year, which is attributable primarily to fewer operating days in February and fewer people dining out. The next quarter in terms of sales is the second quarter, in which the restaurants achieve better results thanks to improving weather and a positive effect of the beginning of the holiday season in June. The highest sales are achieved at the end of the third and at the beginning of the fourth quarter. Very good performance in the third quarter is attributable to the increased tourist traffic. Autumn is traditionally a season when people tend to dine out more frequently, which translates into higher sales. An important time in the last three months of the year is the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping malls.

(d) Form of presentation of the Interim Condensed Consolidated Financial Statements. Type and amounts of changes in the value of the estimates.

The interim condensed consolidated financial statements are presented in Polish zlotys (PLN), rounded up/down to full thousands. The Interim Condensed Consolidated Financial Statements were prepared on the historical cost basis, except for financial assets and financial liabilities (including derivative instruments) which are subject to revaluation at fair value which is then recognized in the profit and loss account.

The preparation of the IFRS financial statements requires the Management of the Company to make certain assumptions and estimates which are reflected in the accounting policy and that affect the reported amounts of assets, liabilities, income and expenses. The results of the estimates and the respective assumptions being the result of experience and various factors deemed to be justified in given circumstances are the basis for assessing the values of assets or liabilities which do not result directly from other sources. The actual financial results may differ from the adopted estimates.

The estimates and the assumptions on which they are based are subject to current verification. The adjustment of accounting estimates is recognized in the period in which it was made, on condition that it only relates to that period, or in the period in which it was made, and in future periods, if it relates both to the current and future periods.

The most significant estimates and assumptions have occurred in the area of valuation of property, plant and equipment, intangible assets, including goodwill, write-downs of account receivables, inventory and adjustments of deferred income tax. During the reporting period there was no significant change in the estimated amounts that have been reported in previous reporting periods.

As a result of moving the Company’s headquarter to Poland the functional currency of the Parent has changed to from the beginning of the financial year 2009, namely January 1, 2009.

(e) Unusual events affecting the operating activities

During the reporting period no significant unusual events have been identified.

(f) Issuances, repurchases and repayments of debt and equity securities

As at February 24, 2010 Parent Company has issued bonds at nominal value of PLN 40.000 thousand. All bonds from this issuance are covered by interests based on WIBOR 6M increased by given margin and have termination date at December 30, 2014. As of June 30, 2010 interest will be paid in half-yearly periods (June 30, December 31). Bonds emission has not been additionally secured.

(All amounts in Polish Zloty thousands unless otherwise stated)

(g) Dividends paid

In the period covered by this Interim Condensed Consolidated Financial Statements Group has paid dividend to non controlling interest owner, of SCM sp. z o.o. in the value of PLN 294 Thousands.

(h) The effects of changes in the structure of the Group

Pursuant to the information held by the Company, as of the quarterly report, i.e. August 24, 2010, following shareholders submitted information on holding directly or indirectly (through subsidiaries) at least 5% of the number of votes at the General Shareholders Meeting of AmRest Holdings SE (‘AmRest’):

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%

* BZ WBK AIB AM 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

(i) Changes in future and contingent liabilities

As in the previous reporting period, the Company’s future liabilities follow on from the Franchise Agreements and Development Agreement.

Restaurants are operated in accordance with franchise agreements with YUM! and its subsidiaries and Starbucks Coffee International , Inc and Burger King Europe GmbH.

These franchise agreements typically require that the Group pays an initial non-refundable fee upon the opening of each new restaurant, continuing fees of 6% of revenues and commits 5% of revenue to advertising as specified in the relevant agreements. In addition, after completion of the initial contract period, the Group may renew the franchise agreement, which is a subject to a renewal fee.
Initial non-refundable fees constitute in substance rights to use Pizza Hut and KFC trademarks and are classified as intangible asset and amortized over the period of the franchise agreement (usually 10 years). Other fees are recognized in the profit and loss account when incurred. Renewal fees are amortized over the renewal period when a renewal agreement comes into force.

The initial fees paid are approximately USD 44 800 per restaurant and renewal fees are 50% of the initial fees, adjusted to reflect changes in the US Consumer Price Index during the term of the relevant franchise.

The most significant conditions relating to franchise agreements to be concluded with Burger King Section (a) are as follows:

- The license is granted for 10 years from the date on which the restaurant starts operating. Franchisee has the right to extend the contract for a further period of 10 years after the completion of certain conditions.
- Franchisee will pay to the franchisor monthly continuing franchise fees of 5% of the Gross Sales of the Burger King restaurant run by the franchisee.
- Franchisee will pay to the franchisor monthly continuing advertising and sales promotion fees of 5% of the Gross Sales of the Burger King restaurant run by the franchisee.

The key fees and costs to be incurred by the Group relating to agreements with Starbucks Coffee International, Inc. Section (a) are as follows:

- The development and service fees for initial operation support equal to an amount USD 950 thousand.
- The initial franchise fee of USD 25 thousand for each Starbucks store.
- The continuing licensing and service fee equal to 6% of sales revenues of each Starbucks store.
- A local marketing fee determined each year between parties.

The key fees and costs to be incurred by the Group relating to agreements with Applebee's Franchising LLC Section (a) are as follows:

- The initial franchise fee of USD 35 thousand per each newly opened Applebee's restaurant.
- The fixed license fee equal to 5% of sales revenues of each of the Applebee's restaurants.
- The monthly fee for advertising and promoting sales in an amount of no less than 2.75% of sales of the Applebee's restaurants, in recognition of the fact that the Franchiser may increase the fee to 4%.
- A local marketing fee of 1% of the sales revenue of the Applebee's restaurants.

According to the Management Board as at the date of these Interim Condensed Consolidated Financial Statements the Group meets all of the conditions of franchise agreements.

(All amounts in Polish Zloty thousands unless otherwise stated)

(j) Earnings per share

The basic and diluted earnings per ordinary share were calculated as follows:

	Six months ended June 30, 2010	Six months ended June 30, 2009
Net profit from continued operations attributable to equity holders of the parent company	24 949	30 496
Loss on net profit from discontinued operations attributable to equity holders of the parent company	(1 004)	(5 034)
Net profit attributable to equity holders of the parent company	23 945	25 462
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 for diluted earnings per share	18 981 730	14 210 638
Basic earnings per ordinary share	1,63	1,79
Diluted earnings per ordinary share	1,26	1,79
Basic earnings from continued operations per ordinary share	1,70	2,15
Diluted earnings from continued operations per ordinary share	1,31	2,15
Basic earnings from discontinued operations per ordinary share	(0,07)	(0,35)
Diluted earnings from discontinued operations per ordinary share	(0,05)	(0,35)

2 Segment reporting

Operating segments were set on the basis of management reports used by Executive Committee during making strategic decisions. Executive committee verifies group performance while deciding of owned resources allocations in breakdown for each restaurant. Because most of the criteria for aggregation of operating segments are met (individually ado not exceed set in IFRS8 materiality thresholds) Group presents them in reportable segment by countries in which Group operations are realized.

Below are presented data relating to operating segments for the sixe-month period ended June 30, 2010 and for the comparative period ended June 30, 2009.

(All amounts in Polish Zloty thousands unless otherwise stated)

	Poland	*Czech Republic*	*Russia*	*USA*	*Other segments*	*Unallocated*	*Total according to Interim Condensed Consolidated Financial Statements*
Six months ended June 30, 2010							
Revenue from external customers	366 724	129 401	84 907	364 188	36 902	-	982 122
Inter-segment revenue	-	-	-	-	-	-	-
Operating result, segment result	31 595	(37)	6 567	8 808	(4 691)	(4 105)	38 137
Finance income	-	-	-	-	-	-	12 205
Finance costs	-	-	-	-	-	-	(18 907)
Share of profits of associates	18	-	-	-	-	-	18
Income tax	-	-	-	-	-	-	(6 547)
Profit/(loss) for the period from continuing operations	-	-	-	-	-	-	24 906
Profit/(loss) for the period from discontinuing operations	-	-	-	-	-	-	(1 004)
Profit/(loss) for the period	-	-	-	-	-	-	23 902
Segment assets	337 321	162 205	251 000	303 120	59 063	442 370	1 555 079
Investments in associates	190	-	-	-	-	-	190
Total assets	337 511	162 205	251 000	303 120	59 063	442 370	1 555 269
Segment liabilities	76 294	29 393	20 217	60 760	8 340	591 212	786 216
Pension, health care, sickness fund state	15 007	8 294	3 610	19 008	2 379	-	48 298
Depreciation	19 673	10 461	4 548	8 867	2 900	-	46 449
Amortization	2 094	368	156	384	209	-	3 211
Capital investment	34 013	11 799	2 545	4 649	5 829	-	58 835
Impairment of fixed assets	(652)	1 719	-	-	143	-	1 210
Impairment of trade receivables	(170)	25	-	-	-	-	(145)

(All amounts in Polish Zloty thousands unless otherwise stated)

	Poland	*Czech Republic*	*Russia*	*USA*	*Other segments*	*Unallocated*	*Total according to Interim Condensed Consolidated Financial Statements*
Six months ended June 30, 2009							
Revenue from external customers	356 159	140 435	86 908	413 356	38 635	-	1 035 493
Inter-segment revenue							
Operating result, segment result	37 380	1 776	1 626	6 521	(5 208)	(611)	41 484
Finance income	-	-	-	-	-	-	16 213
Finance costs	-	-	-	-	-	-	(17 683)
Share of profits of associates	24	-	-	-	-	-	24
Income tax	-	-	-	-	-	-	(6 080)
Profit/(loss) for the period from continuing operations	-	-	-	-	-	-	31 350
Profit/(loss) for the period from discontinuing operations	-	-	-	-	-	-	(5 034)
Profit/(loss) for the period	-	-	-	-	-	-	26 316
Segment assets	352 800	159 976	239 872	298 576	61 976	15 077	1 128 277
Investments in associates	823	-	-	-	-	-	823
Total assets	353 623	159 976	239 872	298 576	61 976	15 077	1 129 100
Segment liabilities	76 607	63 489	18 833	85 907	12 217	458 076	715 129
Pension, health care, sickness fund state	11 351	8 221	1 908	20 025	3 259	-	44 764
Depreciation	15 627	9 989	3 500	9 968	2 767	-	41 851
Amortization	1 747	353	(483)	409	290	-	2 316
Capital investment	45 431	7 465	5 111	2 467	2 724	-	63 198
Impairment of fixed assets	-	3 724	1 953	-	484	-	6 161
Impairment of trade receivables	11	-	-	-	-	(7)	4

Capital expenditure comprises increases in property, plant and equipment (Note 7) and intangible assets (Note 8).

The “Other segments” column concerns companies located in Bulgaria, Serbia and Hungary.

The “Not allocated” column relates to asset and liability balances non-allocated to segments (covering borrowings and lease liabilities) and transactions of AmRest Holdings SE and subsidiary located in the Ukraine.

(All amounts in Polish Zloty thousands unless otherwise stated)

Entry to the restaurant market in Russia

DESCRIPTION OF ACQUISITION

On May 15, 2007, AmRest Holdings SE established AmRest Acquisition Subsidiary, Inc, with its registered office in Delaware, USA.

On July 2, 2007, AmRest Acquisition Subsidiary, Inc. acquired from Michael Tseytin 100% shares in US Strategies, Inc., with its registered office in New Jersey, USA, controlling 91% of shares and voting rights in OOO Pizza Nord (current name OOO AmRest) – the franchisee of Pizza Hut and RostiksKFC brands in Russia.

On the same date, American Restaurants Sp. z o.o. (a 100% subsidiary of AmRest Holdings SE) acquired the remaining 9% of shares and voting rights in OOO Pizza Nord from independent individuals.

As a result of these transactions, the Group effectively gained 100% control over OOO Pizza Nord and its 19 Pizza Hut restaurants and 22 RostiksKFC restaurants operating in Russia (mainly in St. Petersburg and Moscow). As a result, the Group gained effectively a 75% and 20% market share in Pizza Hut and KFC restaurants in Russia, respectively. Several franchisees of KFC and Pizza Hut operate on the Russian market, who do not have exclusive rights to operate within the area.

On July 2, 2007, US Strategies. Inc. and AmRest Acquisition Subsidiary, Inc. merged creating one legal entity called AmRest Acquisition Subsidiary, Inc.

The above transactions were a further step by the Group towards becoming the leading restaurant network in Central and Eastern Europe.

On June 23, 2008 Michael Tseytin was appointed a Member of the Supervisory Board (related entity), he was released from this function as at May 8, 2009.

ALLOCATION OF THE ACQUISITION PRICE

The process of allocating the acquisition price to the purchased assets and acquired liabilities was completed. Details of the fair value of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below:

	Carrying amount	**Adjustment of fair value and other adjustments**	**Fair value**
Cash and cash equivalents	962	-	962
Property, plant and equipment	18 543	14 509	33 052
Intangible assets	209	1 479	1 688
Inventories	1 595	(130)	1 465
Trade and other receivables	7 007	(5 253)	1 754
Other current assets	2 459	(2 421)	38
Other non-current assets	3 930	31 822	35 752
Trade and other payables	(34 193)	(18 366)	(52 559)
Net assets acquired	**512**	**21 640**	**22 152**
Goodwill as in Financial Statements for year ended 31.12.2008			128 756
Adjustment for goodwill in 2009			(5 971)
Adjustment for goodwill in 2010			(3 129)
Goodwill after adjustment			119 656
Acquisition price			**141 808**

(All amounts in Polish Zloty thousands unless otherwise stated)

Amount paid in cash	70 332
Amount paid in treasury shares	99 987
Expenses related to due diligence of the target	784
Adjustment of initial acquisition price	(29 295)
Acquisition price	**141 188**
Amount paid in cash	70 332
Acquired cash and cash equivalents	(962)
Cash outflows on acquisition	**69 370**

Goodwill calculated in the note differs from value presented in the balance sheet by translation reserve.

The fair value and the other adjustments presented in the table above relate mainly to:

- fair value measurement of property, plant and equipment;
- measurement of onerous contracts recognized as provisions;
- fair value measurement of liabilities in respect of identified risks;
- measurement of receivables and prepayments from the prior owner of OOO Pizza Nord – operating lease agreement.

PARTIAL PAYMENT IN THE GROUP'S TREASURY SHARES

Part of the acquisition price was paid by issuing the Company's 670 606 shares. As at the acquisition date (July 2, 2007), the fair value of the shares issued (PLN 99 987 thousand) was determined on the basis of the market price of a share (PLN 149.1) according to the quotations on the Warsaw Stock Exchange.

To acquire the necessary number of treasury shares, the Company borrowed them from its shareholder – IRI (as at that date, IRI had 35% of voting rights and shares of AmRest Holdings SE), and then it issued them to the seller. On August 27, 2007, the Company issued 670 606 shares which it returned to IRI on October 12, 2007. The settlement with IRI was based on a specified number of shares, therefore, it was treated as a transaction recognized in equity and no change to the fair value of shares was recognized in the income statement in the period from July 2, 2007 to October 12, 2007.

ADJUSTMENTS TO THE ACQUISITION PRICE AFTER INITIAL RECOGNITION

The acquisition price is conditional because it depends on the amount of profit before interest, tax and amortization and depreciation (EBITDA) earned by OOO AmRest in the period from July 2, 2007 to June 30, 2008, and on the final level of liabilities acquired. As at June 30, 2010 the Management Board assessed adjustment to the acquisition price for the amount of PLN 29 295 thousands (previous purchase price adjustment set as at December 31, 2009 in value of PLN 26.166 thousands was increased by PLN 3 129 thousands and results from achieved EBITDA of this year) from the initial level of PLN 170 319 thousands to the level of PLN 141 024 thousands. Thus, the determined acquisition price as at July 2, 2007 is the Management's best estimate.

COLLATERAL

To secure the Group's potential future claims and receivables from the seller, a pledge on all the shares which were part of the acquisition price was set up. The said claims may follow from the adjustments to the acquisition price described above. The seller is also responsible for all undisclosed liabilities which arose before the acquisition date. For security purpose, the shares were transferred to an escrow account, not directly to the seller, and will be issued gradually over a period of 5 years. Potential receivables and claims in respect of the seller will be satisfied in cash or shares in a number depending on their market price, as agreed. The seller has voting rights related to the shares put up as collateral.

(All amounts in Polish Zloty thousands unless otherwise stated)

GOODWILL

Goodwill relates mainly to benefits following from access gained to clients on the Russian restaurant market. Due to the specific nature of the restaurant operations, the Group does not maintain a register of its clients, the clients are not tied by any contracts and are not identified individually. Restaurants in Russia operate on the basis of similar franchise agreements as restaurants in Poland, in the Czech Republic and Hungary.

The Management Board believes that the franchise agreement concluded by OOO Pizza Nord is an arms' length agreement and therefore no adjustment was made to the fair value as at the acquisition date. Each individual restaurant on the acquired market is a cash generating unit. However, for management purposes, goodwill was allocated to all the Pizza Hut and KFC restaurants operated in Russia on the basis of particular countries, and not restaurants, and it cannot be objectively allocated to particular restaurants.

The Company conducted a goodwill impairment tests as at December 31, 2008 and December 31, 2009. No impairment was noted on the basis of the tests performed.

Increase in share in the Russian restaurant market by acquiring 9 restaurants from OOO Tetra

On February 26, 2008, the Group acquired 9 RostiksKFC restaurants from OOO Tetra. The total value of the transaction amounted to PLN 26 235 thousand (USD 12 115 000).

The process of allocating the acquisition price to the purchased assets and acquired liabilities was completed.

Details of the fair value of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below: The fair value of acquired restaurant assets did not differ significantly from their carrying amounts.

Property, plant and equipment	1 089
Goodwill	25 146
	26 235
Paid in cash	26 235
Acquisition price	**26 235**

The restaurant acquisition transaction was not related to incurring any additional significant costs.

Increase in share in the Russian restaurant market by acquiring 2 restaurants from OOO Fast Food Restaurants Group

On March 31, 2008, the Group acquired 5 RostiksKFC restaurants from OOO Fast Food Restaurants Group. The total value of the transaction amounted to PLN 13 097 thousand (USD 6 156 000). The ownership rights were to be finally transferred when certain terms and conditions were met by the seller, which mainly related to extending the lease agreements in respect of the premises. As a result of the seller not meeting the terms and conditions in respect of 3 restaurants, they were excluded from the scope of the transaction. Therefore, ultimately, the Group acquired 2 restaurants, for a total amount of PLN 3 273 thousand (USD 1 521 000).

The process of allocating the acquisition price was completed.

Details of the fair value of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below: The fair value of acquired restaurant assets did not differ significantly from their carrying value.

(All amounts in Polish Zloty thousands unless otherwise stated)

Property, plant and equipment	46
Goodwill	3 227
	3 273
Paid in cash	3 273
Acquisition price	3 273

The restaurant acquisition transaction was not related to incurring any additional significant costs.

In the acquisitions described above, the goodwill relates mainly to the benefits from gaining better access to the Russian restaurant market clients. Due to the specific nature of the restaurant operations, the Group does not maintain a register of its clients, the clients are not tied by and contracts and are not identified individually. Restaurants in Russia operate on the basis of similar franchise agreements as restaurants in Poland, in the Czech Republic and Hungary.

Each individual restaurant is a cash generating unit. However, goodwill related to the acquisition of the above restaurants was allocated to the whole Russian segment. However for management purposes goodwill connected with purchase of mentioned restaurants was initially allocated for entire Russian segment. The Company conducted a goodwill impairment test and as at December 31, 2009. No impairment was noted on the basis of the test. Next test will be performed as at December 31, 2010.

3 Finance income

	Six months ended June 30, 2010	Six months ended June 30, 2009
Bank interest income	2 894	190
Net foreign exchange gains	9 311	3 083
Put option revaluation	-	12 940
	12 205	**16 213**

4 Finance costs

	Six months ended June 30, 2010	Six months ended June 30, 2009
Interest expense	(17 806)	(15 733)
Other	(1 101)	(1 950)
	(18 907)	**(17 683)**

5 Income tax

	Six months ended June 30, 2010	Six months ended June 30, 2009
Current tax	(3 678)	(4 600)
Change in deferred tax asset / liability	(2 869)	(1 480)
Deferred tax recognized in the income statement	**(6 547)**	**(6 080)**

6 Discontinued operations

Following the decision of excluding from AmRest Group portfolio proprietary brands Freshpoint and Rodeo Drive as at December 31, 2009 have been negotiated terms of carving out and disposing from the Group operations of above mentioned brands. As at June 1, 2010 was sold Freshpoint brand, furthermore transaction of RodeoDrive sale will take place in the second half of year 2010. As ate the June 30, 2010 assets concerning proprietary brands were classified as available for sale and results of their were classified as discontinued according to IFRS 5.

As a consequence all data regarding six months ending December 31, 2009 were adjusted for the value of discontinued operations and vary from published figures.

Results of own brand for the reporting years are presented below:

In thousands of zlotys	**Six months ended June 30, 2010**	**Six months ended June 30, 2009**
Restaurant sales	4 936	8 933
Restaurant expenses:		
Costs of food	(1 768)	(3 196)
Direct marketing costs	(111)	(381)
Direct depreciation and amortization expenses	-	(1 011)
Payroll and employee benefits	(1 873)	(3 313)
Occupancy and other operating expenses	(1 933)	(3 454)
Total restaurant expenses	(5 685)	(11 355)
Gross loss on sales	(749)	(2 422)
General and administrative expenses (G&A) without depreciation and amortization	(365)	(413)
Depreciation and amortization expenses (G&A)	-	(2)
Other operating income	110	104
Impairment losses	-	(2 301)
Operating loss	(1 004)	(5 034)
Loss before tax	(1 004)	(5 034)
Income tax	-	-
Loss from discontinued operations	**(1 004)**	**(5 034)**

Own brands are as at June 30, 2010 operating fully in Polish segment.

Basic categories of assets for discontinued operations classified as available for sale assets as at June 30, 2010 and December 31, 2009 are presented below:

In thousands of zlotys	**As at June 30, 2010**	**As at December 31, 2009**
Assets		
Property, plant and equipment	2 850	3 320
Inventories	50	114
Assets of discontinued operations classified as available for sale	**2 900**	**3 434**

Below table presents calculation of gain on disposal of property, plant and equipment and intangibles for assets classified as assets available for sale

In thousands of zlotys	**Six months ended June 30, 2010**	**Six months ended June 30, 2009**
Revenues from sale of assets available for sale	562	-
Net value of assets sold available for sale	(534)	-
gain on disposal of property, plant and equipment and intangibles for assets classified as assets available for sale	**28**	**-**

Proprietary brands approximately generated 486 thousands PLN of operating expenses in first six months of 2010 and in first six months of 2009 it was about 1 264 thousand PLN.

7 Property, plant and equipment

Movements in property, plant and equipment in 2010 and 2009 can be presented as follows:

2010	Land	Buildings and restaurant development assets	Machinery & Equipment	Vehicles	Other tangible assets	Assets under construction	Total
Acquisition cost							
As at 1/1/2010	3 217	501 519	309 970	1 329	43 319	45 777	**905 131**
Additions	-	21 234	11 837	61	19 661	4 209	**57 002**
Disposals	-	(3 581)	(8 573)	(61)	(2 721)	(271)	**(15 207)**
Exchange rate differences	33	17 871	17 377	14	497	503	**36 295**
As at 30/6/2010	3 250	537 043	330 611	1 343	60 756	50 218	**983 221**
Accumulated depreciation							
As at 1/1/2010	-	186 457	145 244	671	16 227	-	**348 599**
Additions	-	20 217	21 726	115	4 391	-	**46 449**
Disposals	-	(747)	(7 353)	(58)	(2 469)	-	**(10 627)**
Exchange rate differences	-	2 899	6 720	4	285	-	**9 908**
As at 30/6/2010	-	208 826	166 337	732	18 434	-	**394 329**
Impairment losses							
As at 1/1/2010	-	15 462	1 362	-	1 057	1	**17 882**
Additions	-	1 862	-	-	-	-	**1 862**
Disposals	-	(374)	(531)	-	(377)	(1)	**(1 283)**
Exchange rate differences	-	471	(15)	-	-	-	**456**
As at 30/6/2010	-	17 421	816	-	680	-	**18 917**
Net book value as at 1/1/2010	**3 217**	**299 600**	**163 364**	**658**	**26 035**	**45 776**	**538 650**
Net book value as at 30/6/2010	**3 250**	**310 796**	**163 458**	**611**	**41 642**	**50 218**	**569 975**

(All amounts in Polish Zloty thousands unless otherwise stated)

2009	Land	Buildings and restaurant development assets	Machinery & Equipment	Vehicles	Other tangible assets	Assets under construction	Total
Acquisition cost							
As at 1/1/2009	1 049	457 267	265 699	1 335	49 471	36 057	**810 878**
Acquisitions	-	26 344	19 150	37	3 221	9 698	**58 450**
Additions	-	(639)	(710)	(135)	(112)	(1 133)	**(2 729)**
Exchange rate differences	96	9 814	12 532	39	936	898	**24 315**
As at 30/6/2009	1 145	492 786	296 671	1 276	53 516	45 520	**890 914**
Accumulated depreciation							
As at 1/1/2009	-	162 041	105 299	760	26 063	-	**294 163**
Additions	-	17 789	20 132	95	3 832	-	**41 848**
Discontinued operations	-	649	364	-	-	-	**1 013**
Disposals	-	(765)	(242)	(135)	(70)	-	**(1 212)**
Exchange rate differences	-	3 212	4 361	26	508	-	**8 107**
As at 30/6/2009	-	182 926	129 914	746	30 333	-	**343 919**
Impairment losses							
As at 1/1/2009	-	36 382	10	-	8	-	**36 400**
Additions	-	6 161	-	-	-	-	**6 161**
Di	-	2 301	-	-	-	-	**2 301**
Exchange rate differences	-	2 769	-	-	3	-	**2 772**
As at 30/6/2009	-	47 613	10	-	11	-	**47 634**
Net book value as at 1/1/2009	**1 049**	**258 844**	**160 390**	**575**	**23 400**	**36 057**	**480 315**
Net book value as at 30/6/2009	**1 145**	**262 247**	**166 747**	**530**	**23 172**	**45 520**	**499 361**

Depreciation expense has been charged in ‘restaurant expenses’ – PLN 43 748 thousand (prior period: PLN 39 259 thousand) and administrative (G&A) expenses PLN 2 701 thousand (prior period: PLN 2 589 thousand).

(All amounts in Polish Zloty thousands unless otherwise stated)

8 Other intangible assets

Intangible assets movements in 2010 and 2009 can be presented as follows:

2010	Favourable leases and licence agreements	Rights to use Pizza Hut , KFC and Burger King trademarks	Other intangible assets	Total
Acquisition cost				
As at 1/1/2010	2 582	42 117	35 067	79 766
Additions	54	1 573	206	1 833
Disposals	-	(169)	(24)	(193)
Exchange rate differences	289	2 557	2 062	4 908
As at 30/6/2010	2 925	46 078	37 311	86 314
Accumulated amortisation				
As at 1/1/2010	739	22 277	10 971	33 987
Additions	98	1 229	1 884	3 211
Disposals	-	-	(403)	(403)
Exchange rate differences	93	1 332	68	1 493
As at 30/6/2010	930	24 838	12 520	38 288
Impairment losses				
As at 1/1/2010	-	9	14	23
Disposals	-	(9)	(1)	(10)
As at 30/6/2010	-	-	13	13
Net book value as at 1/1/2010	**1 843**	**19 831**	**24 082**	**45 756**
Net book value as at 30/6/2010	**1 995**	**21 240**	**24 778**	**48 013**

2009	Favourable leases and licence agreements	Rights to use Pizza Hut , KFC and Burger King trademarks	Other intangible assets	Total
Acquisition cost				
As at 1/1/2009	11 534	38 861	28 572	78 967
Additions	-	2 611	2 137	4 748
Exchange rate differences	79	1 824	1 164	3 067
As at 30/6/2009	11 613	43 296	31 873	86 782
Accumulated amortisation				
As at 1/1/2009	7 414	20 697	6 925	35 036
Additions	192	532	1 595	2 319
Exchange rate differences	-	833	145	978
As at 30/6/2009	7 606	22 062	8 665	38 333
Impairment losses				
As at 1/1/2009	-	-	-	-
As at 30/6/2009	-	-	-	-
Net book value as at 1/1/2009	**4 120**	**18 164**	**21 647**	**43 931**
Net book value as at 30/6/2009	**4 007**	**21 234**	**23 208**	**48 449**

(All amounts in Polish Zloty thousands unless otherwise stated)

Other intangible assets cover mainly computer software.

There are no intangible assets created internally and capitalized by the Group.

Amortisation expense has been charged in 'restaurant expenses' – PLN 1 387thousand (prior period: PLN 870 thousand) and administrative (G&A) expenses – PLN 1 824 thousand (prior period: PLN 1 449 thousand).

9 Inventories

As at June 30, 2010 and December 31, 2009, inventories cover mainly food and packaging used in the restaurants. Inventories are presented net of inventory write-downs. Inventory write-downs as at June 30, 2010 and December 31, 2009 amounted to PLN 823 thousand. No new inventory write-downs were recorded in the income statement for the year ended June 30, 2010.

10 Trade and other receivables

Trade and other receivables as at June 30, 2010 and December 31, 2009 are presented in the table below:

	As at June 30, 2010	**As at December 31, 2009**
Trade receivables from non-related parties	26 972	24 614
Trade receivables from related entities	1 660	983
Receivables from former non controlling interests owners of OO AmRest	1 500	-
Other tax receivables	12 230	8 993
Other	3 921	3 439
Provisions for receivables	(3 846)	(4 545)
	42 437	**33 484**

11 Cash and cash equivalents

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

	As at June 30, 2010	**As at December 31, 2009**
Cash at bank	474 621	146 406
Cash in hand	9 642	12 742
	484 263	**159 148**

12 Equity

Share capital

As described in Note 1a. On April 27, 2005, the shares of AmRest Holding N. V. were floated on the Warsaw Stock Exchange ("GPW").

As at June 30, 2010, the Company held 18 912 619 issued, fully paid-up shares. The Company's target capital is 5 852 257 shares. Nominal value of one share is 1 eurocent (0.01 euro).

(All amounts in Polish Zloty thousands unless otherwise stated)

As consequence of Management Board resolution regarding increase of share capital made as at May 14, 2010 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. In connection to share subscription agreement signed April 22, 2010 with WP Holdings VIII B.V., this entity has 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 ("Additional Share Subscription). The issuance price for the additional subscription shares will be PLN 75 per share.

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.

Reserves

	Surplus over nominal value of shares (share premium)	Non-refundable additional contributions to capital without additional issuance of shares made by the Group's shareholders before their debut on the GPW	Employee Options	Cash flow hedges valuation influence	Transactions with non controlling interests	Other	**Reserves total**
As at January 1, 2009	**280 921**	**5 673**	**5 624**	**7 496**	**(23 351)**	**145**	**276 508**
COMPREHENSIVE INCOMES							
Impact of cash flow hedging	-	-	-	8 528	-	-	**8 528**
Deferred income tax concerning cash flow hedges	-	-	-	(1 362)	-	-	**(1 362)**
Comprehensive incomes total	-	-	-	7 166	-	-	**7 166**
TRANSACTIONS WITH SHAREHOLDERS							
Employees share option scheme – value of service	-	-	1 158	-	-	-	**1 158**
Capitalization of foreign exchange difference on loan	-	-	-	-	-	(6 170)	**(6 170)**
Functional currency translation	-	-	-	-	-	859	**859**
Transactions with shareholders total	-	-	1 158	-	-	(5 311)	**(4 153)**
As at June 30, 2009	**280 921**	**5 673**	**6 782**	**14 662**	**(23 351)**	**(5 166)**	**279 521**
As at January 1, 2010	**280 548**	**6 191**	**8 488**	**-**	**(12 746)**	**-**	**282 481**
TRANSACTIONS WITH SHAREHOLDERS							
Share issuance	306 853	-	-	-	-	-	**306 854**
Employees share option scheme – value of service	-	-	1 498	-	-	-	**1 498**
Transactions with shareholders total	306 853	-	1 498	-	-	-	**308 352**
As at June 30, 2010	**587 401**	**6 191**	**9 986**	**-**	**(12 746)**	**-**	**590 832**

(All amounts in Polish Zloty thousands unless otherwise stated)

13 Borrowings

Borrowings as at June 30, 2010 and December 31, 2009 are presented in the table below:

Long-term	**As at June 30, 2010**	**As at December 31, 2009**
Bank loans	2 259	3 204
Bonds	148 980	109 308
	151 239	**112 512**

Short-term	**As at June 30, 2010**	**As at December 31, 2009**
Bank loans	419 791	424 526
	419 791	**424 526**

Bank loans		**Effective interest rate**	**As at June 30, 2010**	**As at December 31, 2009**
in PLN	RBS Bank (Polska) SA	6,35%	348 497	356 071
w CZK	RBS Bank (Polska) SA	3,37%	67 852	65 532
w RUB	Raiffaisen Bank Austria	6,77%	5 701	6 127
w PLN	RBS Bank (Polska) SA i Bank Pekao SA	7,30%	148 980	109 308
			571 030	**537 038**

Bank loans comprise mainly investment loans bearing a variable interest rate based on reference rates WIBOR, PRIBOR, LIBOR and RIBOR. Exposure of the loans to interest rate risk and contractual dates for changing the interest rates occur in 3-month cycles (for PRIBOR and WIBOR) and monthly cycles (for LIBOR and RIBOR).

On 15 December 2008, a credit agreement was signed between Amrest Holdings SE, AmRest Sp. z o.o. and American Restaurants s.r.o. (‘Borrowers’) and ABN AMRO Bank (Poland) S.A. (current RBS Bank (Polska) SA), ABN AMRO Bank N.V., Bank Polska Kasa Opieki S.A. and Bank Zachodni WBK S.A. Under the above-mentioned agreement the Group was granted a loan amounting to PLN 440 million. The loan should be repaid by 31 December 2010. It covers two tranches and is earmarked for repayment of liabilities resulting from the credit agreement with ABN Amro Bank N.V. dated 4 April 2005 and further financing
of the development of AmRest. All the Borrowers are jointly and severally responsible for discharging the obligations resulting from the credit agreement. Additionally, two Group companies – OOO AmRest and AppleGrove Holdings, LLC – granted guarantees to the financing banks. These companies guarantee that the Borrowers will discharge their obligations following from the credit agreement until the loan is repaid.

(All amounts in Polish Zloty thousands unless otherwise stated)

The Group is obliged to maintain specific financial ratios at a level specified in the agreement. This includes net gearing (net debt to annualized EBITDA), interest coverage ratio and balance sheet structure ratio (net asset ratio defined as consolidated net capital per the shareholders of the Parent company divided by the balance sheet total). As at June 30, 2010, the above ratios were not exceeded.

The effective interest rates are similar to the market rates for specific borrowings. Therefore, the fair value of the liabilities presented above does not differ significantly from their carrying amounts.

As at December 7, 2009 AmRest Holdings SE signed with RBS Bank (Polska) S.A. nad Bank Pekao S.A. agreement for bonds issuance ("5years bonds"), on the basis of which was released option program for corporate bonds of AmRest, allowing to issue 11 000 bonds for total nominal value of PLN 110 million. Agreement was signed for agreed period till July 9, 2015 with period extension options till repayment of all issued bonds.

The maturity of long- and short-term loans as at June 30, 2010 and December 31, 2009 is presented in the table below:

	As at June 30, 2010	**As at December 31, 2009**
Less than 1 year	419 792	424 526
Between 1 and 2 years	2 258	2 564
Between 2 and 5 years	148 980	109 948
Over 5 years	-	-
	571 030	**537 038**

As for the day of this interim consolidated financial statement issuance Management Board of Group Parent Entity have plans and realize actions aiming to provide successful refinancing of mentioned above liabilities from loans repayable in 2010 year. Taken by Management Board of Group Parent Entity actions are aimed to finish negotiations and sign agreement allowing to refinance due loans. Management Board informed financing banks about current financial situation of Parent Entity and the Group and about mentioned above plans.

The Group has the following undrawn borrowing facilities as at June 30, 2010 and December 31, 2009:

	As at June 30, 2010	**As at December 31, 2009**
Floating rates		
- expiring within one year	29 087	9 846
- expiring beyond one year	150 000	16 103
	179 087	**25 949**

Additionally, the Group has an active AmRest corporate bond plan in the total amount of PLN 300 million. As at December 31, 2009, were issued and sold bond for PLN 110 million, PLN 40 million bonds were sold subsequently at March 24, 2010 and the available limit under this plan was PLN 150 million. As at June 30, 2010 the bonds balance is PLN 148 980 thousands.

(All amounts in Polish Zloty thousands unless otherwise stated)

14 Trade and other payables

Trade and other accounts payables as at June 30, 2010 and December 31, 2009are summarized in the table below:

	As at June 30, 2010	**As at December 31, 2009**
Payables to non-related parties, including:	**139 914**	**154 169**
Trade payables	72 222	80 058
Payables in respect of uninvoiced lease fees and deliveries of food	12 591	15 037
Employee payables	17 713	17 588
Social insurance payable	6 662	5 929
Other tax payable	11 451	13 593
Gift Card liabilities	6 875	10 368
Other payables to non related parties	12 400	11 596
Liabilities to related entities	**478**	**177**
Accruals, including:	**40 871**	**45 315**
Employee bonuses	6 628	8 871
Marketing services	3 183	2 677
Holiday pay accruals	10 633	8 166
Professional services	691	822
Franchise fees	5 295	4 216
Lease costs provisions	4 181	4 860
Investment provision	2 670	12 334
Other	7 590	3 369
Deferred income – short-term portion	**359**	**692**
Social fund	**-**	**293**
	181 622	**200 646**

15 Finance lease liabilities

Finance lease liabilities - the present value of liabilities:

	As at June 30, 2010	**As at December 31, 2009**
Payable up to 1 year	440	516
Payable from 1 year to 5 years	1 168	966
Payable over 5 years	2 377	2 442
	3 985	**3 924**

Finance lease liabilities – minimum lease payments:

	As at June 30, 2010	**As at December 31, 2009**
Payable up to 1 year	1 100	1 253
Payable from 1 year to 5 years	3 853	3 643
Payable over 5 years	3 542	3 782
Total minimum lease payments	**8 495**	**8 678**
Future costs of finance lease	(4 510)	(4 754)
Present value of finance lease liabilities	**3 985**	**3 924**

(All amounts in Polish Zloty thousands unless otherwise stated)

16 Operating lease

The Group has concluded a number of irrevocable operating lease agreements, primarily with regard to restaurants' rental. In the case of restaurants, the lease agreements shall be concluded for an average period of 10 years and are subject to the minimum period of notice for termination of the contract.

Projected minimum lease payments for operating leases with no possibility of early termination as at June 30, 2010 and December 31, 2009 are set out below:

	As at June 30, 2010	**As at December 31, 2009**
Payable up to 1 year	138 292	126 933
Payable from 1 year to 5 years	530 448	660 049
Payable over 5 years	911 393	782 739
Total minimum lease payments	**1 580 133**	**1 569 721**

In the case of many restaurants (especially located in shopping malls) rental charges consist of two components: a fixed flat fee and contingent fee depending on restaurant revenues. Conditional fee is usually between 2.5% and 9% of restaurant revenues.

17 Future commitments and contingent liabilities

Under the signed franchise agreements, the Group is obliged to periodically upgrade, modify, renovate or replace all or parts of its restaurants or any of their fittings, fixtures or signage or any of the equipment, systems or inventory used in restaurants in order to maintain compliance with the relevant franchisor's then current standards. During each of the initial term and the renewal term, if any, the franchisor may not require more than two comprehensive refurbishments of all fittings, fixtures, signage, equipment, systems and inventory in the 'front-of-house' area of each restaurant to then current standards and more than one comprehensive refurbishment of all fittings, fixtures, signage, equipment, systems and inventory in the 'back-of-house' area of each restaurant. The Group estimates the cost of upgrades at 1.5 percent of annual restaurant sales in future periods.

Other future commitments resulting from the agreements with the Burger King, Starbucks and Applebee's and the current and future franchise agreements were described in Note 1 (a).

18 Investments in associates

Changes to the value of investments in associates are presented in the table below:

	Six months ended June 30, 2010	**Six months ended June 30, 2009**
At the beginning of the period	172	37 725
Share in profits and loses associates	18	53
Sale of shares in associates	-	(37 606)
Balance as At the end of the year	**190**	**172**

The Group's investments in associates and their main financial data of the entities are as follows:

Name of associate	Country of registration	Assets	Liabilities	Revenues	Profit/ (Loss)	Shares held (%)
June 30, 2010						
SCM s.r.o.	The Czech Republic	305	95	425	45	40,50

(All amounts in Polish Zloty thousands unless otherwise stated)

Name of associate	Country of registration	Assets	Liabilities	Revenues	Profit/ (Loss)	Shares held (%)
December 31,2009						
SCM s.r.o.	The Czech Republic	526	156	868	132	40,50

19 Transactions with related parties

Trade and other receivables from related entities

	As at June 30, 2010	As at December 31, 2009
MPI Sp. z o.o.	127	982
Associates	1 533	1
	1 660	**983**

Trade and other payables to related entities

	As at June 30, 2010	As at December 31, 2009
MPI Sp. z o.o.	475	173
Associates	3	4
	478	**177**

Sales of goods and services

	Six months ended 30 June 2010	Six months ended 30 June 2009
MPI Sp. z o.o.	49	55
Associates	650	-
	699	**55**

Purchase of goods for resale and services

	Six months ended 30 June 2010	Six months ended 30 June 2009
MPI Sp. z o.o.	2 347	3 076
Associates	1	1 939
	2 348	**5 015**

On 24 March 2009 AmRest finalized the conditional agreement on sale of all shares of Sfinks Polska SA (‘Sfinks’) for the amount of PLN 30 465 thousand. In 2009 a loss of PLN 2 608 thousand has been recognized with regard to this transaction.

20 Subsequent events

Analyzing historical effect of foreign currency exchange rates fluctuations on financial statements, especially Group Equity, Management Board decided to implement strategy for hedging of net assets in foreign operations. Strategy is aimed to align currency structure of Group external financing with currency structure of owned foreign net assets (especially in the United States).

In the planned refinancing and restructuring of loans and borrowings, due towards the end of 2010, part of the loan denomination in polish zloty will be converted into US dollars. This will serve as a natural hedge of Amrest American operations. In order to hedge currency risk relating to US dollar draw-downs under new loan agreement Group has entered into forward transactions for total nominal value of USD 50 million.

To facilitate fair presentation of hedging strategy and to reduce volatility in Group's income statement and equity, Management opted for application of hedge accounting in connection with above mentioned instruments.

Additionally, in order to hedge currency risk arising on material intra Group financing, Group has entered into forward transaction for total value of RUB 255 million.