

AMREST HOLDINGS SE CAPITAL GROUP

Q3 2014 QUARTERLY REPORT

WROCLAW, NOVEMBER 7th, 2014





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A. Q3 2014 Financial Report Additional Information

1. Selected financial information

Selected financial data, including key items of the interim consolidated financial statements as at and for the 9 months period ended on September 30th:

	9 months 2014 in thousands of PLN	9 months 2013 in thousands of PLN	9 months 2014 in thousands EUR	9 months 2013 in thousands EUR
Restaurant sales	2 153 059	1 970 699	515 604	463 945
Operating profit	100 839	38 216	24 148	8 997
Profit before tax	65 938	64 051	15 791	15 079
Net profit	43 270	49 323	10 362	11 612
Net profit attributable to non-controlling interests	(1 276)	(1 056)	(306)	(249)
Net profit attributable to equity holders of the parent	44 546	50 379	10 668	11 860
Cash flows from operating activities	176 568	156 409	42 284	36 822
Cash flows from investing activities	(228 793)	(387 569)	(54 790)	(91 242)
Cash flows from financing activities	39 036	226 467	9 348	53 315
Total cash flows, net	(13 189)	(4 693)	(3 158)	(1 105)
Total assets	2 667 374	2 613 213	638 815	619 788
Total liabilities and provisions	1 590 753	1 494 778	380 973	354 524
Long-term liabilities	1 269 436	1 168 586	304 020	277 159
Short-term liabilities	321 317	326 192	76 953	77 365
Equity attributable to shareholders of the parent	1 010 435	1 050 057	241 991	249 047
Non-controlling interests	66 186	68 378	15 851	16 218
Total equity	1 076 621	1 118 435	257 842	265 265
Share capital	714	714	171	169
Average weighted number of ordinary shares in issue	21 213 893	21 213 893	21 213 893	21 213 893
Average weighted number of ordinary shares for diluted earnings per shares	21 387 264	21 570 307	21 387 264	21 570 307
Basic earnings per share (PLN /EUR)	2.10	2.37	0.50	0.56
Diluted earnings per share (PLN /EUR)	2.08	2.34	0.50	0.55
Basic earnings from continued operations per ordinary share	2.10	2.98	0.50	0.70
Diluted earnings from continued operations per ordinary share	2.08	2.93	0.50	0.69
Basic loss from discontinued operations per ordinary share	-	(0.61)	-	(0.14)
Diluted loss from discontinued operations per ordinary share	-	(0.59)	-	(0.14)
Declared or paid dividend per share*	-	-	-	-

* In 2013 and 2014 no dividends were paid. In 2014 Group paid dividends for non-controlling shareholder of SCM Sp. z o.o. in the amount of PLN 3 376 thousand (in comparable period of 2013 PLN 588 thousand). Additionally, only in 2013 SCM s.r.o. dividend in the amount of PLN 87 thousand was paid.

Assets and liabilities are translated into the Polish zloty at exchange rates quoted for the balance sheet date by the National Bank of Poland. Income and expenses are translated at exchange rates approximated to the rates quoted for the date of a given transaction.

The above selected financial data were translated into the euro in accordance with the following policies:

- Assets and liabilities – at mid exchange rates quoted by the National Bank of Poland for a given balance-sheet date;
- Items in the income statement – at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given calendar quarter.

2. The Company has not published any forecasts of financial results.

3. Other information important for the assessment of the Company's personnel, economic and financial position as well as its financial result:

a) Significant personnel changes

Since the publication of the last annual consolidated report for the 2014 (August 14th, 2014), there were no significant personnel changes.

b) The Company's performance

SALES

The revenues of AmRest Group in the third quarter ("Q3") 2014 amounted to PLN 765 295 thousand and were 9.9% higher than year ago ("LY"). Year to date ("YTD") sales in 2014 amounted to PLN 2 153 059 thousand which was a 9.3% increase compared to the previous year.

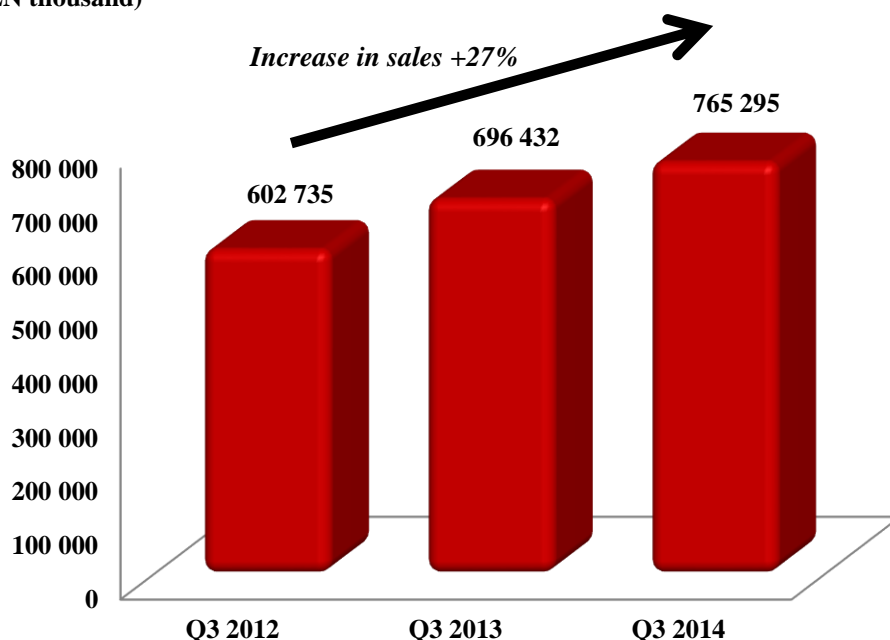
Sales revenue in division of Central and Eastern Europe („CEE”) amounted to PLN 448 185 thousand in Q3 2014, which was 8.0% higher than LY. YTD sales grew by 7.4%. Increase in sales resulted from maintained positive trends in comparable sales („SSS”) in most of restaurants in CEE as well as additional sales from newly opened stores. Within last 12 months (between 1st October 2013 and 30th September 2014) AmRest added 42 restaurants in CEE increasing the total number of stores in this division to 458.

Growing dynamics in revenues were observed in the Russian division. In Q3 2014 sales amounted to PLN 108 539 thousand, being by 10.3% higher than LY. During first 3 quarters of 2014 sales increased by 7.9%. Main factors behind this result were double-digit growth in comparable sales (in RUB) as well as the pace of new openings. In Russian market AmRest opened 19 new restaurants during last 12 months and at the end of Q3 2014 total number of stores stood at 89.

Revenues in Spanish market followed positive trends. In Q3 2014 total sales of this division grew by 8.3% to PLN 159 631 thousand (10.1% growth in local currency). YTD sales dynamics reached 7.8%. Continued growing trends in comparable sales of both La Tagliatella and KFC brands resulted in sales increase. This was also supported by successful openings of new restaurants. Within last 12 months 13 new stores were opened in Spain and total number of restaurants increased to 183 (both equity and franchise).

In New Markets sales revenues grew to PLN 48 940 thousand in Q3 2014 and PLN 136 876 thousand YTD. These represented respectively 37.5% and 41% growth compared to LY. Restaurants from Blue Horizon group accounted for the major share of revenues and highest dynamics of sales, which was a result of double-digit SSS growth. During last twelve months 10 new stores were added to portfolio in New Markets and total number of restaurants amounted to 38 at the end of Q3 2014.

Chart 1 Sales dynamic in AmRest Group for the third quarter 2014 compared to previous years (in PLN thousand)



* In connection with the sale of Applebee’s assets to Apple American Group II, LLC, the data does not account for the revenues generated by Applebee’s restaurants

PROFITABILITY

AmRest Group continues improving profitability and Q3 2014 was another period of significantly better results. Number of margin improvement initiatives resulted in higher profits and margins. For the first time in the history of AmRest¹ quarterly EBITDA exceeded PLN 100m. In Q3 2014 EBITDA profit amounted to PLN 100 408 thousand, with EBITDA margin of 13.1% (+2pp vs LY). Margin improvement was supported mainly by relatively lower food costs (-0.3pp vs Q3 2013) as well as significant savings in G&A and startup costs.

The Group continues focusing on improvement of margins in core business and loss reduction in New Markets. Long-term initiatives started year ago resulted in tangible effects in Q3 2014. The most significant improvement of EBITDA profit was observed in CEE and New Markets.

In CEE division, EBITDA profit in Q3 2014 reached PLN 64 388 thousand, with EBITDA margin growing by 2.1pp to 14.4%. Favorable food cost trends supported by a number of supply

¹ Excluding EBITDA profit in Q4 2012, which was positively impacted by sale of Applebee’s business in USA

chain optimizing initiatives led to relatively lower costs of sales. Additionally, Q3 2014 profits were positively affected by significant reduction of startup costs (per unit) and decrease of media costs, which was the effect of long-term costs saving projects. Margin improvement was observed in each of four brands operating in CEE. KFC – the biggest brand in portfolio – maintained its historically high profitability, while Burger King reported positive EBITDA for the second consecutive quarter.

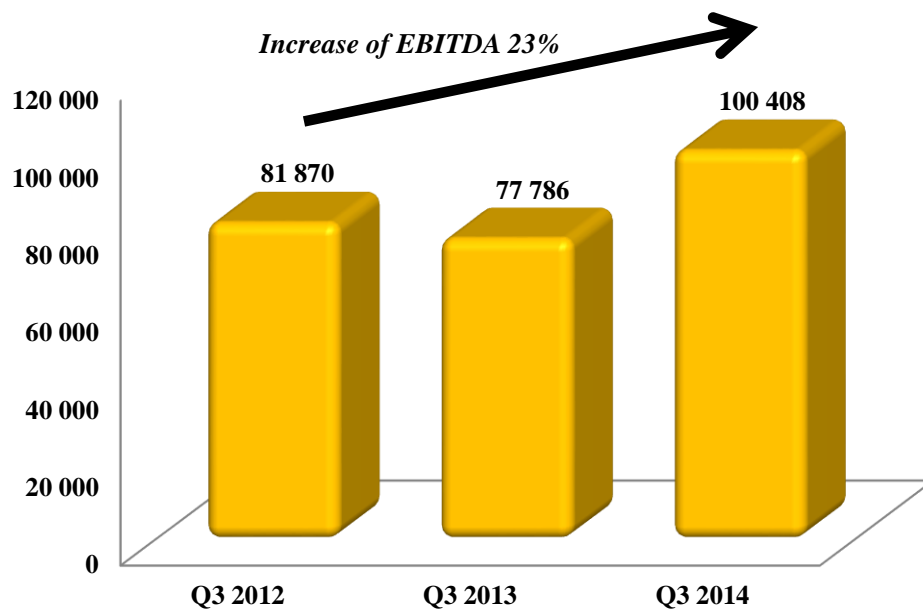
AmRest Group continues its efforts towards reduction of loss in New Markets. Significant reduction of costs achieved in Q3 2014 resulted in EBITDA loss of PLN 4 448 thousand, which was PLN 8 877 thousand better than last year. Continued double-digit SSS growth in Blue Frog and Kabb restaurants along with improving cost efficiency on the back of growing scale of the business resulted in increased EBITDA profit of Blue Horizon group. Additionally, significantly reduced G&A costs in La Tagliatella International supported improvement of total division results. Optimistic signals continued flowing from the French market, where a very good reception of La Tagliatella restaurants translated in growing profits of the market. In the opinion of management of the Group, French stores are on the right track to reach profitability comparable to its Spanish peers. In accordance with AmRest policy, the company will perform its annual impairment tests during the fourth quarter. Management notes that, based on the current performance of La Tagliatella in the New Markets division, it expects to book an impairment charge. The total exposure to La Tagliatella assets in the affected markets does not exceed EUR 5 million.

Spanish market kept the momentum and stayed the most profitable division of the Group (EBITDA margin in Q3 2014 at 21.5%). EBITDA profit amounted to PLN 34 345 thousand and was PLN 1 723 thousand higher, than LY. Higher profits were achieved thanks to stable SSS improvement and additional sales from newly opened stores. Economic revival and improving consumer sentiments observed in the Spanish market, along with outstanding performance of recently opened restaurants, bode well and indicate huge potential for the future development of La Tagliatella brand in Spain.

Situation in Russia remained stable, despite unfavorable political conditions. Demand for KFC products maintained its strong growing trend and a number of costs saving initiatives resulted in further efficiency improvement, especially in cost of labor and occupancy costs. Additionally, the pressure on food costs was partially mitigated through a number of supply chain management initiatives. However a slight increase in food costs in relation to revenues is expected in the nearest future. Excluding startup costs, EBITDA margin in Q3 2014 grew to 12.5% compared to 12.3% in Q3 2013. Compared to 2013, the Group plans to double the number of new openings and in Q3 2014 startup costs quadrupled compared to LY. As a result, EBITDA profit in Q3 2014 amounted to PLN 10 267 thousand and EBITDA margin was at 9.5% (-2pp vs LY). YTD EBITDA margin stayed at 11% and was comparable with first three quarters of 2013.

Growing sales revenue together with increased efficiency in number of operational costs resulted in significant improvement of profits of the Group. Net profit in Q3 2014 amounted to PLN 31 372 thousand (over four times above LY) and margin stood at 4.1%. This net result was influenced significantly also by reduced level of borrowing costs (finance costs reduced by 0.5 pp than last year). Net debt at the end of Q3 2014 was at PLN 886 741 thousand and leverage was 2.47.

Chart 2 EBITDA profit dynamic in the third quarter 2014 compared to previous years (in PLN thousand)



* In connection with the sale of Applebee's assets to Apple American Group II, LLC, the data does not account for the EBITDA generated by Applebee's restaurants

Table 1 Divisional split of revenues and EBITDA in the third quarter 2014 and 2013

PLN '000	Q3 2014		Q3 2013	
	Share	Margin	Share	Margin
Sales	765 295		696 432	
<i>Poland</i>	312 701	40.9%	285 160	40.9%
<i>Czech Republic</i>	91 174	11.9%	90 823	13.0%
<i>Other CEE</i>	44 310	5.8%	39 098	5.6%
Total CEE	448 185	58.6%	415 081	59.6%
Russia	108 539	14.2%	98 379	14.1%
Spain	159 631	20.9%	147 390	21.2%
New Markets	48 940	6.4%	35 582	5.1%
EBITDA	100 408	13.1%	77 786	11.2%
<i>Poland</i>	46 000	14.7%	36 508	12.8%
<i>Czech Republic</i>	14 249	15.6%	13 393	14.7%
<i>Other CEE</i>	4 139	9.3%	939	2.4%
Total CEE	64 388	14.4%	50 840	12.2%
Russia	10 267	9.5%	11 307	11.5%
Spain	34 345	21.5%	32 622	22.1%
New Markets	(4 448)	-	(13 325)	-
Unallocated	(4 144)	-	(3 658)	-
Adjusted EBITDA*	108 059	14.1%	87 611	12.6%
<i>Poland</i>	47 650	15.2%	39 381	13.8%
<i>Czech Republic</i>	14 827	16.3%	14 427	15.9%
<i>Other CEE</i>	4 337	9.8%	1 146	2.9%
Total CEE	66 814	14.9%	54 954	13.2%
Russia	13 560	12.5%	12 131	12.3%
Spain	34 949	21.9%	33 589	22.8%
New Markets	(3 121)	-	(8 445)	-
Unallocated	(4 143)	-	(4 618)	-
EBIT	50 211	6.6%	30 752	4.4%
<i>Poland</i>	24 954	8.0%	18 824	6.6%
<i>Czech Republic</i>	7 955	8.7%	6 598	7.3%
<i>Other CEE</i>	1 094	2.5%	(976)	-
Total CEE	34 003	7.6%	24 446	5.9%
Russia	3 571	3.3%	5 712	5.8%
Spain	23 622	14.8%	20 934	14.2%
New Markets	(6 843)	-	(16 682)	-
Unallocated	(4 142)	-	(3 658)	-

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

Table 2. Divisional split of revenues and EBITDA in the three quarters 2014 and 2013

PLN '000	9M 2014		9M 2013	
	Share	Margin	Share	Margin
Sales	2 153 059		1 970 699	
<i>Poland</i>	875 024	40.6%	805 605	40.9%
<i>Czech Republic</i>	258 930	12.0%	255 377	13.0%
<i>Other CEE</i>	123 020	5.7%	108 910	5.5%
Total CEE	1 256 974	58.4%	1 169 892	59.4%
Russia	307 669	14.3%	285 034	14.5%
Spain	451 540	21.0%	418 710	21.2%
New Markets	136 876	6.4%	97 063	4.9%
EBITDA	255 509	11.9%	184 641	9.4%
<i>Poland</i>	123 444	14.1%	87 889	10.9%
<i>Czech Republic</i>	36 621	14.1%	30 362	11.9%
<i>Other CEE</i>	9 445	7.7%	3 017	2.8%
Total CEE	169 510	13.5%	121 268	10.4%
Russia	33 856	11.0%	32 061	11.2%
Spain	92 520	20.5%	84 437	20.2%
New Markets	(29 661)	-	(41 316)	-
Unallocated	(10 716)	-	(11 809)	-
Adjusted EBITDA*	272 259	12.6%	208 389	10.6%
<i>Poland</i>	128 235	14.7%	94 607	11.7%
<i>Czech Republic</i>	38 001	14.7%	32 824	12.9%
<i>Other CEE</i>	9 808	8.0%	3 835	3.5%
Total CEE	176 044	14.0%	131 266	11.2%
Russia	38 592	12.5%	34 839	12.2%
Spain	93 787	20.8%	85 913	20.5%
New Markets	(25 448)	-	(31 820)	-
Unallocated	(10 716)	-	(11 809)	-
EBIT	100 839	4.7%	38 216	1.9%
<i>Poland</i>	60 415	6.9%	27 873	3.5%
<i>Czech Republic</i>	15 962	6.2%	9 851	3.9%
<i>Other CEE</i>	(1 239)	-	(4 755)	-
Total CEE	75 138	6.0%	32 969	2.8%
Russia	14 857	4.8%	15 195	5.3%
Spain	60 693	13.4%	52 448	12.5%
New Markets	(39 135)	-	(50 587)	-
Unallocated	(10 714)	-	(11 809)	-

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

Table 3 Reconciliation of adjusted Net Profit and EBITDA in the third quarter 2014 and 2013

	9 months ended September 30, 2014	% of sales	3 months ended September 30, 2014	% of sales	9 months ended September 30, 2013	% of sales	3 months ended September 30, 2013	% of sales	Q3YTD vs Q3YTD change	% of change	Q3oQ3 change	% of change
in thousands of PLN												
<i>Restaurant sales</i>	2 019 775	93.8%	719 403	94.0%	1 838 131	93.3%	650 513	93.4%	181 644	9.9%	68 890	10.6%
<i>Franchise and other sales</i>	133 284	6.2%	45 892	6.0%	132 568	6.7%	45 919	6.6%	716	0.5%	(27)	(0.1)%
Total sales	2 153 059	-	765 295	-	1 970 699	-	696 432	-	182 360	-	68 863	-
Profit/(loss) for the period	43 270	2.0%	31 372	4.1%	49 323	2.5%	7 524	1.1%	(6 053)	(12.3)%	23 848	>100.0%
+ <i>Finance costs from put option valuation</i>	-	0.0%	-	0.0%	(63 482)	(3.2)%	-	0.0%	63 482	n/a	-	n/a
Net Profit/ (Loss) adjusted	43 270	2.0%	31 372	4.1%	(14 159)	(0.7)%	7 524	1.1%	57 429	<(100.0)%	23 848	>100.0%
+ <i>Finance costs</i>	38 254	1.8%	11 353	1.5%	38 124	1.9%	15 332	2.2%	130	0.3%	(3 979)	(26.0)%
- <i>Finance income</i>	(3 239)	(0.2)%	(1 025)	(0.1)%	(330)	0.0%	5 215	0.7%	(2 909)	>100.0%	(6 240)	>100.0%
- <i>Income from associates</i>	(114)	0.0%	(47)	0.0%	(147)	0.0%	(46)	0.0%	33	(22.4)%	(1)	2.2%
+ <i>Income tax expense</i>	22 668	1.1%	8 558	1.1%	1 844	0.1%	2 727	0.4%	20 824	>100.0%	5 831	>100.0%
- <i>Profit on discontinued operations</i>	-	0.0%	-	0.0%	12 884	0.7%	-	0.0%	(12 884)	(100.0)%	-	n/a
+ <i>Depreciation and Amortisation</i>	148 132	6.9%	50 091	6.5%	140 516	7.1%	47 503	6.8%	7 616	5.4%	2 588	5.4%
+ <i>Impairment losses</i>	6 538	0.3%	106	0.0%	5 909	0.3%	(469)	(0.1)%	629	10.6%	575	<(100.0)%
EBITDA	255 509	11.9%	100 408	13.1%	184 641	9.4%	77 786	11.2%	70 868	38.4%	22 622	29.1%
+ <i>Start-up expenses*</i>	16 751	0.8%	7 652	1.0%	22 742	1.2%	9 779	1.4%	(5 991)	(26.3)%	(2 127)	(21.8)%
+ <i>M&A related expenses**</i>	-	0.0%	-	0.0%	1 006	0.1%	46	0.0%	(1 006)	(100.0)%	(46)	100.0%
+ / <i>Indirect taxes adjustments***</i>	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	n/a	-	n/a
Adjusted EBITDA	272 260	12.6%	108 060	14.1%	208 389	10.6%	87 611	12.6%	63 871	30.6%	20 449	23.3%

* *Start-Up expenses* – all material operating expenses incurred in connection with new stores opening prior the opening.

** *M&A expenses* – all material expenses connected with successful acquisition covering professional services (legal, financial, other) directly connected with transaction.

*** *Indirect taxes* - all material adjustments for indirect taxes reported in given period but concerning prior reporting periods resulting from tax fillings adjustments. Indirect taxes are mainly VAT, land tax and other EBITDA level taxes.

c) Transactions or agreements resulting in related party transactions and other significant events since issuing last financial report (August 14th, 2014)

On September 11th, 2014, in regards to the regulatory announcement RB 45/2009 dated 30.12.2009 and RB 13/2010 dated 24.02.2010, the Management Board of AmRest Holdings SE („AmRest”, “the Company”, “the Issuer”) informed that on September 10th, 2014 the Company made an early redemption of 13 150 dematerialized bearer bonds of total value PLN 131 500 thousand, including:

- 9 150 bonds AMRE01301214 series, issued on December 30th, 2009 with the maturity date falling on December 30th, 2014, with a par value of PLN 10 thousand per one bond and the total nominal value of PLN 91 150 thousand,
- 4 000 bonds AMRE02301214 series, issued on February 24th, 2010, with the maturity date falling on December 30th, 2014, with a par value of PLN 10 thousand per one bond and the total nominal value of PLN 40 000 thousand.

The redemption of the bonds resulted in expiry of all rights and obligations arising from them (according to Art. 24 Sec. 1 of the Act on bonds dated June 29th, 1995).

Simultaneously, the Management Board of AmRest informed that on September 10th, 2014 the Company issued bonds aimed to be a part of a plan to diversify sources of financing AmRest’s debt. The proceeds will be used for the development of the Company. AmRest issued 14 000 dematerialized bearer bonds AMRE04100919 series at a par value of PLN 10 thousand per one bond and an issue price equaled to 100% of the par value – the total value of issue amounted to PLN 140 000 thousand. All bonds have a variable interest rate of 6M WIBOR increased by margin and their maturity date is September 10th, 2019. The interest will be paid semi-annually (on June 30th and December 30th) commencing from December 30th, 2014. The bond issue has not been additionally secured.

The value of AmRest’s liabilities as at the last day of the quarter preceding the offer amounted to PLN 1 573 million. It is estimated that the Net Debt/EBITDA ratio for the last 12 months shall not exceed 3.5 until the bonds are repurchased in their entirety. Information enabling potential bond buyers to assess the effects of the project to be financed with the bond issue proceeds, and the Issuer’s ability to perform its obligations under the bonds, will be included in AmRest Annual and Semi-Annual Reports published at Warsaw Stock Exchange and placed on Issuer’s website [www.amrest.eu].

4. Risk factors

The Management Board of AmRest is responsible for the risk management system and internal control system as well as for the system of reviewing those systems in terms of operating effectiveness. The systems help in the identification and management of risks which could prevent AmRest from realizing its long-term goals. Nevertheless, the existence of the systems does not allow for the total elimination of the risk of fraud and illicit actions. The Management Board of AmRest reviewed, analyzed and ranked the risks to which the Company is exposed. The current basic risks and threats have been summarized in this section. AmRest reviews and enhances its risk management systems and internal control systems on a current basis.

a) Factors remaining outside the Company's control

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

b) Dependency on the franchisor

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

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

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

c) Dependency on joint venture partners

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

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

d) No exclusive rights

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

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

e) Rental agreements and continuation options

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

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

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

f) Risk related to the consumption of food products

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

g) Risk related to keeping key personnel in the Company

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

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

Running catering activities on such a large scale as the Issuer does requires employing a large number of professionals. Excessive outflow of employees and too frequent changes in managerial positions may pose a significant risk to the stability and quality of the business activities. Due to the fact that salaries in Poland, the Czech Republic and Hungary (including in the catering sector) are still decidedly lower than in other European Union countries, there is a risk of outflow of qualified staff and thus a risk of the Company being able to ensure the appropriate staff necessary for providing the highest quality catering services. In order to avoid the risk of losing qualified staff it may be necessary to gradually increase the salary rates, which may have an adverse effect on the financial standing of the Issuer.

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

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

j) Risk related to developing new brands

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

k) Risk related to opening restaurants in new countries

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

l) Currency risk

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

m) Risk related to the current geopolitical situation in the Ukraine and Russia

Russia is one of the largest markets for AmRest. The recent geopolitical and economic turmoil witnessed in the region, in particular the developments in Ukraine, have had and may continue to have a negative impact on the Russian economy, including weakening of the Russian Ruble, higher interest rates, reduced liquidity and consumer confidence. These events, including current and future international sanctions against Russian companies and individuals and the related uncertainty and volatility of the supply chain, may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation may differ from management's expectations however it is being monitored in order to adjust strategic intentions and operational decisions, which will minimize business risks.

n) Risk of increased financial costs

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

o) Liquidity risk

The Company is exposed to the risk of lack of financing at the moment of maturity of bank loans and bonds. As at September 30th, 2014, the Company has enough short-term assets, including cash and promised credit limits to fulfil its liabilities due in the next 12 months.

p) Risk of economic slowdowns

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

q) Risk related to seasonality of sales

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

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

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

procedures in order to ensure the stability and reliability of IT systems.

- 5. During the period covered by this quarterly report, the Company did not issue the sureties in respect of loans or guarantees whose value represent 10% or more of the Company's equity.**
- 6. As at the date of release of this quarterly report no court arbitration or administrative proceedings whose single or aggregate value exceeds 10% of the Company's equity were pending against the Company.**
- 7. During the period covered by this quarterly report, the Company did not issue, redeem and repay any debt securities.**

The information on the debt securities issued and redeemed by the Company during the period covered by this quarterly report have been described in item 1c) of Q3 2014 Financial Report's Additional Information. During the period covered by this quarterly report, the Company did not redeem and repay any debt securities.

8. Dividends paid during the period covered by these financial statements.

During the period covered by these financial statements the Group has paid the dividend to non-controlling interest shareholders of SCM Sp. z o. o. in the value of PLN 3 376 thousand.

9. Information on the activities of the AmRest Group

AmRest Holdings SE ('the Company') was established in the Netherlands in October 2000 as a joint-stock company. On September 19th, 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 22nd, 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 current 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 the 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 1st, 2009 is polish zloty (PLN).

AmRest with its subsidiaries in the financial report will be called as "Group".

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 (further Czech), Hungary, Russia, Serbia, Croatia, Bulgaria and Spain, on the basis of franchises granted. In Spain, France, Germany, China and The United States of America (further USA) the Group operates its own brands La Tagliatella, Trastevere and il Pastificio. This business is based on the franchise agreements signed with non-related companies and own restaurants. It is supported by the central kitchen which produces and delivers products to the whole network of own brands.

Additionally in China since December 21st, 2012 the Group operates its own brands Blue Frog and KABB.

As at the date of release of this quarterly report, that is November 7th, 2014 the Group operates 781 restaurants.

The Group's operations are not materially seasonal.

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

Before April 27th, 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 22nd, 2010 share subscription agreement was signed between AmRest Holdings S.E. and WP Holdings VII B.V. ("WP"). following which on May 24th, 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 10th, 2010 was registered by the registry court in Wroclaw 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 installments to the extent that its shareholding does not exceed 33% of the post-issuance share capital. The issuance price for the additional shares subscription was PLN 75 per share. After decrease by all costs concern capital issue the growth was PLN 168 926 thousand.

As for September 30th, 2014 the Company's largest shareholders was WP Holdings VII B.V. having 31.71% shares and voting rights.

The Group operates its restaurants mainly on a franchise basis. The table below shows the terms and conditions of cooperation with franchisers of particular brands operated by AmRest.

Brand	KFC, Pizza Hut	Burger King	Starbucks
Type of cooperation	franchise agreement	franchise agreement	joint venture ¹⁾ /franchise agreement Starbucks Coffee International.
Franchiser/Partner	YUM! Restaurants International Switzerland	Burger King Europe GmbH	Inc./Starbucks Coffee EMEA B.V., Starbucks Manufacturing EMEA B.V.
Area covered by the agreement	Poland, Czech, Hungary, Bulgaria, Serbia, Russia, Croatia	Poland, Czech, Bulgaria	Poland, Czech, Hungary

AmRest Holdings SE

Term of agreement	10 years, possibility of extension for a further 10 years	Poland, Czech, Bulgaria – 20 years	15 years, possibility of extension for a further 5 years
Preliminary fee	USD 48.4 thousand ²⁾	USD 50 thousand	USD 25 thousand
Franchise fee	6% of sales revenues	5% of sales revenues	6% of sales revenues
Marketing costs	5% of sales revenues	5% of sales revenues ³⁾	amount agreed annually between the parties
Additional provisions			preliminary fees for brand development ⁴⁾

Explanations:

1) Starbucks – the AmRest Group took up 82%. and Starbucks 18% of the share capital of the newly-established joint venture companies in Poland, Czech Republic and Hungary. In the ninth year Starbucks will have an unconditional option of increasing 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.

2) The fee valorized at the beginning of calendar year by the inflation rate.

3) Marketing expenses for the Burger King brand are equal to 2.5% of the sales revenues over the first 2 years of operation, 2% in the 3rd year and 5% in consecutive years of operation.

4) Preliminary fees for the markets on which the Starbucks restaurants will be operated. taking into account the fee for providing services, amount to USD 400 thousand in respect of Poland. USD 275 thousand in respect of Czech and USD 275 thousand in respect of Hungary.

Due to possessing own brands, which are the subject of franchise agreements with third parties. the Group required the determination of following accounting principles:

- generally the franchise agreement covers a 10 year period and provides an option of extension for another 10 (for agreements signed after 2006) or 5 years (for agreements signed before 2006). Some franchise agreements were signed for the period from 9 to 20 years.
- revenues of the Group consist of sales by Company operated restaurants and fees from franchisees and license are recognized when payment is rendered at the time of sale;
- fees for using own brand paid by franchisees to the Group as a 6% from the sales (continued fees) are recognized as earned;
- intangible assets, covering relationships with franchise clients. recognized during the acquisition process are amortized within the average period of the contractual relationship with franchise clients and own brand is treated as non-amortized asset due to infinite useful life.
- Own brands systematically as at the purchase date are analyzed from the point of depreciation and amortization periods. Currently:
 - La Tagliatella brand is treated as not amortized asset due to indefinite useful life.
 - Blue Frog brand is treated as amortized asset in 20-year period.

As at September 30th, 2014, the Group included the following subsidiaries:



AmRest Holdings SE

Company name	Seat	Parent/non-controlling undertaking	Ownership interest and total vote	Date of effective control
Holding activity				
AmRest Acquisition Subsidiary Inc.	Wilmington, USA	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U.	16.52%	April 2011
		AmRest TAG S.L.	83.48%	
AmRest Services Sp. z o.o. in liquidation*	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	April 2011
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	82.00%	September 2011
		Stubbs Asia Limited	18.00%	
Blue Horizon Hospitality Group PTE Ltd	Singapore, China	AmRest Holdings SE	60.18%	December 2012
		WT Equities	15.93%	
		BHHG	15.93%	
		MJJP	3.98%	
		Coralie Danks	3.98%	
Bigsky Hospitality Group Ltd	Hong Kong, Chiny	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Apia, Samoa	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants (BVI)	Road Town, Tortola, BVI	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
Restaurant activity				
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czech	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	82.00%	March 2007
		Starbucks Coffee International, Inc.	18.00%	
		AmRest Holdings SE	100.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Petersburg, Russia	AmRest Acquisition Subsidiary Inc.	0.88%	July 2007
		AmRest Sp. z o.o.	99.12%	
		AmRest Sp. z o.o.	82.00%	
AmRest Coffee s.r.o.	Prague, Czech	Starbucks Coffee International, Inc.	18.00%	August 2007
		AmRest Sp. z o.o.	82.00%	
		AmRest Sp. z o.o.	82.00%	
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
		AmRest Sp. z o.o.	82.00%	
AmRest d.o.o.	Belgrad, Serbia	AmRest Sp. z o.o.	60.00%	October 2007
		ProFood Invest GmbH	40.00%	
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
Da Via, LLC	Wilmington, USA	AmRestavia S.L.U.	100.00%	June 2013
La Tagliatella - Crown Farm, LLC	Maryland, USA	AmRestavia S.L.U.	100.00%	June 2013
La Tagliatella - Seneca Meadows, LLC	Maryland, USA	AmRestavia S.L.U.	100.00%	June 2013
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo	100.00%	April 2011

AmRest Holdings SE

Company name	Seat	Parent/non-controlling undertaking	Ownership interest and total vote	Date of effective control
Pastificio Service S.L.U.	Lleida, Spain	Empresarial S.L. Restauravia Grupo	100.00%	April 2011
Pastificio Restaurantes S.L.U.	Lleida, Spain	Empresarial S.L. Pastificio Service S.L.U.	100.00%	April 2011
Tagligat S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011
Pastificio S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia S.L.U.	100.00%	April 2012
La Tagliatella LLC	Wilmington, USA	AmRestavia S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o	100.00%	August 2012
AmRest Restaurant Management Co. Ltd	Shanghai, China	AmRest HK Ltd	100.00%	November 2012
Frog King Food&Beverage Management Ltd	Szanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Szanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Szanghai, China	Horizon Group Consultants (BVI) Shanghai Renzi Business Consultancy Co. Ltd	97.50% 2.50%	December 2012
La Tagliatella – The Promenade, LLC	Virginia, USA	AmRestavia S.L.U.	100.00%	October 2013
AmRest Skyline GMBH	Frankfurt, Germany	AmRestavia S.L.U.	100.00%	October 2013
Pizzarest S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	September 2014
Financial services for the Group				
AmRest Capital Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Finance Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Asia Pacific Ltd	Hong Kong, China	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
Olbea s.r.o.**	Prague, Czech	AmRest Cofee s.r.o.	100.00%	June 2013
Supply services for restaurants operated by the Group				
SCM Sp. z o.o.	Chotomow, Poland	AmRest Sp. z o.o. Zbigniew Cylny Beata Szafarczyk-Cylny	51.00% 44.00% 5.00%	October 2008
Lack of business activity				
AmRest Ukraina t.o.w.	Kiev, Ukraine	AmRest Sp. z o.o.	100.00%	December 2005
Bécsi út.13. Kft***	Budapest, Hungary	AmRest Kft	100.00%	April 2007
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	March 2012

* On March 1st, 2012 the name of Rodeo Drive Sp. z o.o. was changed into AmRest Services Sp. z o.o. On November 6th, 2013 resolution on entity liquidation was taken.

** From January 1st, 2015 AmRest Coffee s.r.o. will merge with Olbea s.r.o.

***As a consequence of sale transaction of building owned by Bécsi út.13. Kft. Group has started subsidiary liquidation process.

AmRest Holdings SE

As at September 30th, 2014, the Group included the following affiliates consolidated with the equity method:

Company	Seat	Core business	Parent / non-controlling undertaking	Ownership interest and total vote	Initial investment
SCM s.r.o.	Prague, Czech	Delivery services for restaurants operated by the Group	SCM Sp. z o. o.	45.90%	March 2007
BTW Sp. z o. o.	Warsaw, Poland	Commercial activity	SCM Sp. z o. o.	25.50%	March 2012

The Group's office is in Wroclaw, Poland. At September 30th, 2014 the restaurants operated by the Group are located in Poland, the Czech Republic, Hungary, Russia, Bulgaria, Serbia, Croatia, the United States of America, Spain, Germany, France and China.

10. Pursuant to the information available to the Company, as at the date of release of this quarterly report, that is November 7th, 2014. the following shareholders submitted information on holding directly or indirectly (through subsidiaries) 5% or more of the total vote at the General Shareholders Meeting of AmRest Holdings SE ("AmRest"):

Shareholder	Number of shares	% share in capital	Number of votes at the Shareholders' Meeting	% of votes
WP Holdings VII B.V.	6 726 790	31.71%	6 726 790	31.71%
ING OFE	4 000 000	18.86%	4 000 000	18.86%
PZU PTE*	3 000 000	14.14%	3 000 000	14.14%
AVIVA OFE	2 110 000	9.95%	2 110 000	9.95%
Free float	5 377 103	25.35%	5 377 103	25.35%

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

11. Changes in the shareholding structure

Changes in the number of shares held by members of AmRest Management and Supervisory Boards

During the period since the publication of the previous periodical report (August 14th, 2014) following changes occurred with respect to AmRest shares and stock options held by the members of the Management and Supervisory Boards of AmRest:

According to the best knowledge of AmRest, the only member of Management Board, who owns the Issuer's shares is Mr. Wojciech Mroczynski. As at the date of August 14th, 2014 he held 2702 shares of the Company with a total nominal value of EUR 27.02. On September 30th, 2014 (and simultaneously on the date of publication of this report) he still held 2 702 shares of the Company with a total nominal value of EUR 27.02.

Pursuant to the information available to the Company, the only Supervisory Board member, who owns the Issuer's shares is Mr. Henry McGovern. As at the date of August 14th, 2014 he held (personally and through closely related entities) 712 837 shares of the Company with a total nominal value of EUR 7 128.37. On September 30th, 2014 he held 729 922 shares of the

Company with a total nominal value of EUR 7 299.22. At the date of this report Mr. Henry McGovern holds 733 556 shares of the Company with a total nominal value of EUR 7 335.56.

Transactions on AmRest shares executed by persons having access to confidential information since issuing last financial report (August 14th, 2014)

On August 14th, 2014 AmRest informed that on the same day it received a notice from a person having access to confidential information of AmRest, about purchase of 4 000 AmRest shares on August 14th, 2014, at the price of PLN 70.05. The transaction was executed at the Warsaw Stock Exchange.

On August 14th, 2014 AmRest informed also that on the same day it received a notice from the Supervisory Board Member of AmRest, about purchase of 17 085 AmRest shares on August 14th, 2014, at the price of PLN 69.99 made by an entity closely related to that Member. The transaction was executed at the Warsaw Stock Exchange.

On August 20th, 2014 AmRest informed that on the same day it received a notice from a person having access to confidential information of AmRest, about purchase of 1 013 AmRest shares on August 18th, 2014, at the price of PLN 70.77. The transaction was executed at the Warsaw Stock Exchange.

On August 22nd, 2014 AmRest informed that on the same day it received a notice from a person having access to confidential information of AmRest, about:

- purchase of 164 AmRest shares on August 19th, 2014, at the price of PLN 72.98,
- purchase of 850 AmRest shares on August 20th, 2014, at the price of PLN 75.00.

The above mentioned transaction was executed at the Warsaw Stock Exchange.

On September 12th, 2014 AmRest informed that on the same day it received a notice from a person having access to confidential information of AmRest, about purchase of 2 400 AmRest shares on September 8th, 2014, at the price of PLN 70.00. The transaction was executed outside the regulated market, being execution of AmRest management options.

On September 18th, 2014 AmRest informed that on the same day it received a notice from a person having access to confidential information of AmRest, about:

- sale of 848 AmRest shares on September 12th, 2014, at the price of PLN 88.00,
- sale of 585 AmRest shares on September 16th, 2014, at the price of PLN 87.50,
- sale of 880 AmRest shares on September 17th, 2014, at the price of PLN 87.50.

The above mentioned transactions were executed at the Warsaw Stock Exchange.

On October 21st, 2014 AmRest informed that on the same day it received a notice from the Supervisory Board Member of AmRest, about a purchase of 3 634 AmRest shares on October 17th, 2014, at the price of PLN 82.51 made by an entity closely related to that Member. The transaction was executed at the Warsaw Stock Exchange.

Transactions on AmRest shares concluded for the purpose of executing the management option plan are presented in table below.

The Company started the buyback based on Resolution No. 16 of the Annual General Meeting of AmRest of 10th June 2011 on the authorization of Company's Management Board to acquire Company's own shares and the establishment of a reserve capital for the acquisition of own shares.

AmRest Holdings SE

conclusion date	settlement date	purchase /sale	number of purchased/ sold shares	average purchase / sale price of shares	Nominal value of shares [EUR]	% of the share capital of the Company	number of votes at GSM	total number of shares	total number of votes at GSM	% of the total number of votes in the Company
02.09.2014	05.09.2014	P	2400	81.80	0.01	0.0113%	2400	2400	2400	0.0113%
08.09.2014	08.09.2014	S	2400	70.00	0.01	0.0113%	2400	0	0	0.0000%
15.09.2014	18.09.2014	P	1210	88.00	0.01	0.0057%	1210	1210	1210	0.0057%
18.09.2014	23.09.2014	P	740	87.7	0.01	0.0035%	740	740	1950	0.0092%
19.09.2014	19.09.2014	S	130	47.60	0.01	0.0057%	1210	740	740	0.0035%
			720	70.00	0.01					
			360	78.00	0.01					
24.09.2014	24.09.2014	S	60	47.60	0.01	0.0012%	260	480	480	0.0023%
			200	70.00	0.01					
25.09.2014	25.09.2014	S	380	47.60	0.01	0.0023%	480	0	0	0.0000%
			100	70.00	0.01					
01.10.2014	06.10.2014	P	149	83.54	0.01	0.0007%	149	149	149	0.0007%
02.10.2014	07.10.2014	P	237	82.48	0.01	0.0011%	237	386	386	0.0018%
03.10.2014	08.10.2014	P	149	83.29	0.01	0.0007%	149	535	535	0.0025%
07.10.2014	09.10.2014	P	100	84.95	0.01	0.0005%	100	635	635	0.0030%
08.10.2014	10.10.2014	P	1011	83.81	0.01	0.0048%	1011	1646	1646	0.0078%
09.10.2014	13.10.2014	P	800	83.08	0.01	0.0038%	800	2446	2446	0.0115%
10.10.2014	14.10.2014	P	1000	82.51	0.01	0.0047%	1000	3446	3446	0.0162%
13.10.2014	15.10.2014	P	750	82.33	0.01	0.0035%	750	4196	4196	0.0198%
14.10.2014	16.10.2014	P	750	82.00	0.01	0.0035%	750	4946	4946	0.0233%
16.10.2014	20.10.2014	P	1000	80.50	0.01	0.0047%	1000	5946	5946	0.0280%
16.10.2014	16.10.2014	S	60	47.60	0.01	0.0044%	932	5014	5014	0.0236%
			522	70.00	0.01					
			350	78.00	0.01					
17.10.2014	17.10.2014	S	900	47.60	0.01	0.0042%	900	4114	4114	0.0194%
17.10.2014	21.10.2014	P	1000	82.50	0.01	0.0047%	1000	5114	5114	0.0241%
20.10.2014	20.10.2014	S	120	70.00	0.01	0.0010%	220	4894	4894	0.0231%
			100	78.00	0.01					
21.10.2014	23.10.2014	P	1000	85.00	0.01	0.0047%	1000	5894	5894	0.0278%
22.10.2014	24.10.2014	P	82	86.00	0.01	0.0004%	82	5976	5976	0.0282%
22.10.2014	22.10.2014	S	20	70.00	0.01	0.0001%	20	5956	5956	0.0281%
23.10.2014	23.10.2014	S	80	47.60	0.01	0.0035%	740	5216	5216	0.0246%
			660	70.00	0.01					
23.10.2014	27.10.2014	P	500	85.82	0.01	0.0024%	500	5716	5716	0.0269%

**B. Interim Consolidated Financial Statements for the quarter ended
September 30th, 2014**

1. Statement on the Accounts' Compliance with International Financial Reporting Standards

These consolidated interim financial statements were prepared in accordance with the International Financial Reporting Standards (the "IFRS") and their interpretations adopted by the International Accounting Standards Board (the "IASB") in the form approved for application on the territory of the European Union by virtue of the IFRS Regulation (the European Commission 1606/2002).

2. Seasonality of Production and Markets

In the case of the AmRest Group, the seasonality of sales and inventories is not significant, which is typical to the restaurant business.

The restaurants record the lowest sales 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 centers.

3. Form of Presentation of the Consolidated Financial Statements and Type and Value of Changes in the Applied Estimates

Amounts in these consolidated interim financial statements are presented in the Polish zloty (PLN), rounded off to full thousands. These financial statements were prepared based on the historical cost convention, except financial assets and liabilities (including derivative instruments) which are subject to measurement at fair value through profit or loss.

The preparation of financial statements in compliance with the International Financial Reporting Standards requires the Management Board to make certain assumptions, judgments and estimates, which are reflected in the applied accounting policies and affect the value of assets and liabilities, revenues and expenses disclosed in these financial statements. The estimates and the related assumptions, which are made on the basis of experience and various factors deemed relevant in given circumstances, are the basis for valuation of the assets and liabilities which do not directly result from other sources. Actual results may differ from the estimates.

Estimates and their underlying assumptions are reviewed on an on-going basis. Any adjustments of the accounting estimates are recognized in the period in which the adjustments were made, on condition that they concern this period only, or in the period in which they were made and in the future periods, if they concern both the current and future periods.

The most significant estimates and assumptions concern the valuation of property, plant and equipment, intangible assets, including goodwill, revaluation allowances for accounts receivable

and inventories, and adjustment to the valuation of deferred tax assets. During the period covered by these financial statements, there were no material changes in the value of estimates disclosed in the previous reporting periods.

The accounting policies have been applied consistently in all periods presented in these consolidated financial statements. The accounting policies were applied consistently by all members of the Group.

4. Segment Reporting

Operating Segments

AmRest as a Group of dynamic developing entities running operations at many markets and various restaurant business segments is under constant analysis of Executive Committee. This Committee is also constantly reviewing the way how business is analysed and adjust it accordingly to changing Group Structure as a consequence of strategic decisions. Operating segments are 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 AmRest Group for divisions.

Divisional approach is currently valid solution for strategic analysis and capital allocation decision making process by Executive Committee. This breakdown is mainly consequence of material Group development by acquisition of Restauravia Group in Spain, start of La Tagliatella proprietary brand development in new markets and acquisition of Blue Horizon Group in China. As for the balance sheet date Executive Committee defines segments in presented below layout.

Segment	Description
CEE	Poland, Czech, Hungary, Bulgaria, Croatia and Serbia.
USA*	Discontinued operations of Applebee's restaurants.
Spain	KFC and La Tagliatella restaurant operations, together with supply chain and franchise activity in Spain territory.
New markets	La Tagliatella activity in China, France, Germany and USA, Stubbs, Blue Frog and KABB restaurants in China.
Russia	KFC and Pizza Hut activity in Russia.
Unallocated	Consolidation adjustments. 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 and following companies AmRest Capital Zrt, AmRest Finance Zrt and AmRest Finance S.L. and financial costs and incomes, share profit of associates, income tax, net income from continued operation, total net income.

Below are presented data relating to operating segments for the 9 months ended September 30th, 2014 and comparative period ended September 30th, 2013.

	CEE	USA*	Spain	New Markets	Russia	Unallocated	Total
Nine months ended September 30th, 2014							
Revenue from external customers	1 256 974	-	451 540	136 876	307 669	-	2 153 059
Inter-segment revenue	-	-	-	-	-	-	-
Operating result, segment result	75 138	-	60 693	(39 135)	14 857	(10 714)	100 839
Finance income	-	-	-	-	-	3 239	3 239
Finance costs	-	-	-	-	-	(38 254)	(38 254)



AmRest Holdings SE

	CEE	USA*	Spain	New Markets	Russia	Unallocated	Total
Share of profits of associates	114	-	-	-	-	-	114
Income tax	-	-	-	-	-	(22 668)	(22 668)
Deferred tax assets	26 626	-	7 888	-	-	-	34 514
Gain for the period from continuing operations	-	-	-	-	-	43 270	43 270
Loss for the period from discontinuing operations	-	-	-	-	-	-	-
Gain/(Loss) for the period	-	-	-	-	-	43 270	43 270
Segment assets	886 954	-	1 116 585	232 844	361 524	69 036	2 666 943
Investments in associates	431	-	-	-	-	-	431
Total assets	887 385	-	1 116 585	232 844	361 524	69 036	2 667 374
Goodwill	23 033	-	374 047	83 749	118 118	-	598 947
Segment liabilities	189 170	-	76 316	38 496	24 638	1 262 133	1 590 753
Depreciation	82 686	-	23 562	8 022	18 257	-	132 527
Amortization	5 923	-	7 978	901	803	-	15 605
Capital investment	94 687	-	45 903	18 639	71 116	65	230 410
Impairment of fixed assets	4 000	-	206	444	(82)	-	4 568
Impairment of trade receivables	994	-	35	-	21	-	1 050
Impairment of inventories	-	-	45	107	-	-	152
Impairment of other assets	770	-	-	-	-	(2)	768
Impairment of goodwill	-	-	-	-	-	-	-
Three months ended September 30th, 2014							
Revenue from external customers	448 185	-	159 631	48 940	108 539	-	765 295
Inter-segment revenue	-	-	-	-	-	-	-
Operating result, segment result	34 003	-	23 622	(6 843)	3 571	(4 142)	50 211
Finance income	-	-	-	-	-	1 025	1 025
Finance costs	-	-	-	-	-	(11 353)	(11 353)
Share of profits of associates	47	-	-	-	-	-	47
Income tax	-	-	-	-	-	(8 558)	(8 558)
Deferred tax assets	2 093	-	651	(1 148)	-	-	1 596
Gain for the period from continuing operations	-	-	-	-	-	31 372	31 372
Loss for the period from discontinuing operations	-	-	-	-	-	-	-
Gain/(Loss) for the period	-	-	-	-	-	31 372	31 372
Segment assets	886 954	-	1 116 585	232 844	361 524	69 036	2 666 943
Investments in associates	431	-	-	-	-	-	431
Total assets	887 385	-	1 116 585	232 844	361 524	69 036	2 667 374
Goodwill	23 033	-	374 047	83 749	118 118	-	598 947
Segment liabilities	189 170	-	76 316	38 496	24 638	1 262 133	1 590 753
Depreciation	28 199	-	8 235	2 171	6 508	-	45 113
Amortization	2 015	-	2 488	224	252	-	4 979
Capital investment	34 577	-	13 734	8 770	30 334	15	87 430



AmRest Holdings SE

	CEE	USA*	Spain	New Markets	Russia	Unallocated	Total
Impairment of fixed assets	33	-	-	-	(82)	-	(49)
Impairment of trade receivables	148	-	(1)	-	17	-	164
Impairment of inventories	-	-	-	-	-	-	-
Impairment of other assets	(8)	-	-	-	-	(2)	(10)
Impairment of goodwill	-	-	-	-	-	-	-
Nine months ended September 30th, 2013							
Revenue from external customers	1 169 892	-	418 710	97 063	285 034	-	1 970 699
Inter-segment revenue	-	-	-	-	-	-	-
Operating result, segment result	32 969	-	52 448	(50 587)	15 195	(11 809)	38 216
Finance income	-	-	-	-	-	63 812	63 812
Finance costs	-	-	-	-	-	(38 124)	(38 124)
Share of profits of associates	147	-	-	-	-	-	147
Income tax	-	-	-	-	-	(1 844)	(1 844)
Deferred tax assets	27 048	-	-	-	-	144	27 192
Gain for the period from continuing operations	-	-	-	-	-	62 207	62 207
Loss for the period from discontinuing operations	-	(12 884)	-	-	-	-	(12 884)
Gain/(Loss) for the period	-	(12 884)	-	-	-	62 207	49 323
Segment assets	851 124	-	1 081 185	283 859	327 654	69 183	2 613 005
Investments in associates	208	-	-	-	-	-	208
Total assets	851 332	-	1 081 185	283 859	327 654	69 183	2 613 213
Goodwill	24 313	-	377 702	79 367	135 085	-	616 467
Segment liabilities	193 824	-	68 253	57 842	30 414	1 144 446	1 494 779
Depreciation	78 873	-	22 326	8 213	15 023	-	124 435
Amortization	6 248	-	8 186	848	799	-	16 081
Capital investment	83 160	-	23 032	89 161	46 514	583	242 450
Impairment of fixed assets	2 222	-	1 324	(21)	(6)	-	3 519
Impairment of trade receivables	624	-	147	-	(113)	-	658
Impairment of inventories	(1)	-	-	-	772	-	771
Impairment of other assets	333	-	6	231	-	-	570
Impairment of goodwill	-	-	-	-	391	-	391
Three months ended September 30th, 2013							
Revenue from external customers	415 081	-	147 390	35 582	98 379	-	696 432
Inter-segment revenue	-	-	-	-	-	-	-
Operating result, segment result	24 446	-	20 934	(16 682)	5 712	(3 658)	30 752
Finance income	-	-	-	-	-	(5 208)	(5 208)
Finance costs	-	-	-	-	-	(15 339)	(15 339)
Share of profits of associates	46	-	-	-	-	-	46
Income tax	-	-	-	-	-	(2 727)	(2 727)
Deferred tax assets	27 048	-	-	-	-	144	27 192
Profit for the period from continuing operations	-	-	-	-	-	7 524	7 524



AmRest Holdings SE

	CEE	USA*	Spain	New Markets	Russia	Unallocated	Total
Loss for the period from discontinuing operations	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	7 524	7 524
Segment assets	851 124	-	1 081 185	283 859	327 654	69 183	2 613 005
Investments in associates	208	-	-	-	-	-	208
Total assets	851 332	-	1 081 185	283 859	327 654	69 183	2 613 213
Goodwill	24 313	-	377 702	79 367	135 085	-	616 467
Segment liabilities	193 824	-	68 253	57 842	30 414	1 144 446	1 494 779
Depreciation	26 510	-	7 499	3 118	5 044	-	42 171
Amortization	2 040	-	2 749	264	278	-	5 331
Capital investment	30 800	-	12 756	50 986	13 377	328	108 247
Impairment of fixed assets	(2 255)	-	1 324	(21)	(6)	-	(958)
Impairment of trade receivables	(26)	-	110	-	(113)	-	(29)
Impairment of inventories	(1)	-	-	(235)	396	-	160
Impairment of other assets	125	-	6	231	-	-	362
Impairment of goodwill	-	-	-	-	(4)	-	(4)

* significant assets concerning USA segment were classified as assets held for sale and its results for the period from January 1st, 2013 to March 31st, 2013 and comparable period were classified as discontinued according to IFRS 5.

Value of assets and liabilities and results of given reporting segments have been established on the basis of Group accounting policies, compliant with policies applied for preparation of this financial statements.

Goodwill was allocated to given reporting segments.

5. Changes in Future and Contingent Liabilities

As in the previous reporting period, the Company's future liabilities are derived from the Franchise Agreements and Development Agreement.

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

The franchise agreements typically require that the Group pays an initial, non-refundable fee upon the opening of each new restaurant, pays continuing fees of 6% percent of revenues and commit 5% percent of revenue to advertising as specified in the relevant agreement. In addition, at the conclusion of the initial term of the franchise agreement, the Group may renew the franchise agreement, subject to a renewal fee.

The initial, non-refundable fees constitute in substance rights to use Pizza Hut and KFC trademarks and are included in 'intangible assets' and amortized over the period of the agreement (usually ten years). Continuing fees are expensed as incurred. Renewal fees are amortized over the renewal period when a renewal agreement becomes effective.

The initial fees paid are approximately USD 48.4 thousand 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 that are concluded with Burger King are as follows:

- The license is granted for 20 years period commencing from the date the franchised restaurant opens for business. The initial franchise fee is USD 50 thousand;
- Franchisee must pay monthly continuing fees to the franchisor equal to 5% of the Gross Sales of the Burger King restaurant operated by Franchisee;
- Franchisee must pay monthly continuing advertising and sales promotion fees equal to 5% of the Gross Sales of the Burger King restaurant operated by franchisee.

The key fees and costs to be borne by the Group relating to agreements with Starbucks Coffee International, Inc. will be 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 spend obligation is to be mutually agreed annually.



Interim consolidated income statement for the quarter ended September 30th

	9 months ended September 30, 2014	3 months ended September 30, 2014	9 months ended September 30, 2013	3 months ended September 30, 2013
<i>in thousands of Polish zloty</i>				
Continuing operations				
Restaurant sales	2 019 775	719 403	1 838 131	650 513
Franchise and other sales	133 284	45 892	132 568	45 919
Total sales	2 153 059	765 295	1 970 699	696 432
Company operated restaurant expenses:				
Food and material	(650 774)	(231 043)	(599 949)	(212 664)
Payroll and employee benefits	(447 079)	(155 392)	(402 784)	(138 153)
Royalties	(100 117)	(35 734)	(93 665)	(32 942)
Occupancy and other operating expenses	(628 637)	(217 142)	(585 129)	(203 733)
Franchise and other expenses	(90 841)	(31 299)	(95 727)	(32 365)
General and administrative (G&A) expenses	(141 181)	(47 272)	(157 587)	(49 609)
Impairment losses	(6 538)	(106)	(5 909)	469
Other operating income	12 947	2 904	8 267	3 317
Total operating costs and losses	(2 052 220)	(715 084)	(1 932 483)	(665 680)
Profit from operations	100 839	50 211	38 216	30 752
Finance costs	(38 254)	(11 353)	(38 124)	(15 339)
Cost from put option valuation	-	-	63 482	-
Finance income	3 239	1 025	330	(5 208)
Income from associates	114	47	147	46
Profit/(loss) before tax	65 938	39 930	64 051	10 251
Income tax	(22 668)	(8 558)	(1 844)	(2 727)
Profit/(loss) for the period from continuing operations	43 270	31 372	62 207	7 524
Discontinued operations				
Profit/(loss) on discontinued operations	-	-	(12 884)	-
Profit/(loss) for the period	43 270	31 372	49 323	7 524
Profit/(loss) attributable to:				
Non-controlling interests	(1 276)	(222)	(1 056)	(84)
Equity holders of the parent	44 546	31 594	50 379	7 608
Profit/(loss) for the period	43 270	31 372	49 323	7 524
Basic earnings/(loss) per share in Polish zloty	2.10	1.49	2.37	0.36
Diluted earnings/(loss) per share in Polish zloty	2.08	1.48	2.34	0.35
<u>Continuing operations</u>				
Basic earnings/(loss) per share in Polish zloty	2.10	1.49	2.98	0.36
Diluted earnings/(loss) per share in Polish zloty	2.08	1.48	2.93	0.35
<u>Discontinued operations</u>				
Basic earnings/(loss) per share in Polish zloty	-	-	(0.61)	-
Diluted earnings/(loss) per share in Polish zloty	-	-	(0.59)	-



AmRest Holdings SE

**Interim consolidated statement of comprehensive income
For the quarter ended September 30th**

	9 months ended September 30, 2014	3 months ended September 30, 2014	9 months ended September 30, 2013	3 months ended September 30, 2013
<i>in thousands of Polish zloty</i>				
Net profit/(loss)	43 270	31 372	49 323	7 524
Other comprehensive incomes:				
Exchanges differences on translation of foreign operations	(9 221)	(4 421)	15 147	(54 878)
Valuation of put option liability	-	-	(11 232)	-
Net investment hedges	(4 141)	(2 190)	(14 025)	13 332
Income tax concerning net investment hedges	787	416	2 664	(2 534)
Total items that may be reclassified subsequently to profit or loss	(12 575)	(6 195)	(7 446)	(44 080)
Total items that will not be reclassified to income statement	-	-	-	-
Other comprehensive income for the period, net of tax	(12 575)	(6 195)	(7 446)	(44 080)
Total comprehensive income for the period	30 695	25 177	41 877	(36 556)
Attributable to:				
Shareholders of the parent	25 879	19 128	35 138	(31 985)
Non-controlling interests	4 816	6 049	6 739	(4 571)

Interim consolidated statement of financial position as at September 30th, 2014 and December 31st 2013

<i>In thousands of Polish zloty</i>	30.09.2014	31.12.2013
Assets		
Property, plant and equipment	1 063 934	1 005 709
Goodwill	598 947	601 344
Other intangible assets	517 443	519 732
Investment property	22 152	22 152
Investments in associates	431	320
Other non-current assets	47 465	44 572
Deferred tax assets	34 514	21 796
Total non-current assets	2 284 886	2 215 625
Inventories	44 422	47 197
Trade and other receivables	60 168	83 115
Corporate income tax receivables	4 319	4 062
Leasing receivables	16	150
Other current assets	27 280	21 518
Other financial assets	555	272
Cash and cash equivalents	245 728	259 510
Total current assets	382 488	415 824
Total assets	2 667 374	2 631 449
Equity		
Share capital	714	714
Reserves	739 453	738 029
Retained earnings	297 299	252 753
Translation reserve	(27 031)	(11 718)
Equity attributable to shareholders of the parent	1 010 435	979 778
Non-controlling interests	66 186	64 746
Total equity	1 076 621	1 044 524
Liabilities		
Interest-bearing loans and borrowings	1 103 946	923 228
Finance lease liabilities	7 395	7 913
Employee benefit liability	3 927	3 930
Provisions	5 769	8 306
Deferred tax liability	128 442	120 375
Other non-current liabilities	19 957	22 670
Total non-current liabilities	1 269 436	1 086 422
Interest-bearing loans and borrowings	20 393	152 469
Finance lease liabilities	735	670
Trade and other accounts payable	281 447	335 979
Income tax liabilities	18 742	11 220
Other financial liabilities	-	165
Total current liabilities	321 317	500 503
Total liabilities	1 590 753	1 586 925
Total equity and liabilities	2 667 374	2 631 449

Interim consolidated statement of cash flows for the quarter ended September 30th

<i>in thousands of Polish zloty</i>	9 months ended September 30, 2014	9 months ended September 30, 2013
Cash flows from operating activities		
Profit/(loss) before tax from continued operations	65 938	64 051
Profit/(loss) from discontinued operations	-	(12 884)
Adjustments for:		
Share (profit)/loss of associates	(114)	(147)
Amortization	15 605	16 083
Depreciation	132 527	124 433
Put option valuation	-	(63 482)
Interest expense, net	29 986	27 451
Unrealized foreign exchange (gain)/loss	(402)	2 185
(Gain)/loss on disposal of fixed assets	9 795	4 427
Impairment of property, plant and equipment and intangibles	4 568	3 911
Equity-settled share based payments expenses	5 076	6 538
Working capital changes:		
(Increase)/decrease in receivables	22 735	33 771
(Increase)/decrease in inventories	2 832	(2 150)
(Increase)/decrease in other assets	(8 559)	(11 777)
Increase/(decrease) in payables and other liabilities	(61 339)	(13 459)
Increase/(decrease) in other provisions and employee benefits	(2 593)	1 148
Income taxes (paid)/returned	(19 772)	(13 956)
Interest paid	(32 635)	(25 942)
Interest received	2 648	2 551
Dividend received from affiliates	-	87
Other	10 272	13 570
Net cash provided by operating activities	176 568	156 409
Cash flows from investing activities		
Expense for acquisition of subsidiaries	-	(1 554)
Proceeds from transactions with non-controlling interests holders	-	2 220
Proceeds from the sale of property, plant and equipment and intangible assets	(27)	(3 805)
Acquisition of property, plant and equipment	(220 093)	(232 367)
Acquisition of intangible assets	(10 317)	(10 083)
Expenses on put option settlement	-	(139 088)
Repayments from investment loans and borrowings	-	(2 892)
Proceeds from investment loans and borrowings	1 644	-
Net cash used in investing activities	(228 793)	(387 569)
Cash flows from financing activities		
Expense on acquisition of own shares (employees options)	(1 578)	(2 056)
Proceeds from share issuance (employees options)	1 638	591
Proceeds from borrowings	177 008	826 030
Repayment of borrowings	(134 300)	(597 960)
Dividend paid for non-controlling interests holders	(3 376)	(588)
Proceeds/repayment of finance lease liabilities	(491)	326
Proceeds of finance lease receivables	135	124
Net cash provided by financing activities	39 036	226 467
Total net cash	(13 189)	(4 693)
Net change in cash and cash equivalents	(593)	(1 985)
Effect of foreign exchange rate movements	(13 782)	(6 678)
Cash and cash equivalents, beginning of period	259 510	207 079
Cash and cash equivalents, end of period	245 728	200 401

AmRest Holdings SE

Interim consolidated statement of changes in equity for the 9 months ended September 30th, 2014

	Issued capital	Reserved capital	Retained Earnings	Cumulative translation adjustments	Total equity attributable to equity holders of the parent	Non-controlling interest	Total Equity
<i>in thousands of Polish zloty</i>							
As at 01.01.2013	714	610 764	242 805	18 116	872 399	197 367	1 069 766
COMPREHENSIVE INCOME							
Income/(loss) for the period	-	-	50 379	-	50 379	(1 056)	49 323
Currency translation differences	-	-	-	7 352	7 352	7 795	15 147
Impact of put option valuation as net investment hedges	-	(11 232)	-	-	(11 232)	-	(11 232)
Impact of net investment hedging	-	(14 025)	-	-	(14 025)	-	(14 025)
Deferred income tax concerning cash flow hedges	-	2 664	-	-	2 664	-	2 664
Total Comprehensive Income	-	(22 593)	50 379	7 352	35 138	6 739	41 877
TRANSACTION WITH NON-CONTROLLING INTERESTS							
Equity attributable to non-controlling interests	-	-	-	-	-	2 220	2 220
Dividends paid to non-controlling shareholders	-	-	-	-	-	(501)	(501)
Non-controlling interests reconciliation due the put option settlement	-	137 447	-	-	137 447	(137 447)	-
Total transactions with non-controlling interests	-	137 447	-	-	137 447	(135 728)	1 719
TRANSACTION WITH SHAREHOLDERS							
Employees share option scheme – value of employee services	-	6 538	-	-	6 538	-	6 538
Net result on treasury shares transactions	-	(494)	-	-	(494)	-	(494)
Purchase of treasury shares	-	(971)	-	-	(971)	-	(971)
Total transactions with equity holders	-	5 073	-	-	5 073	-	5 073
As at 30.09.2013	714	730 691	293 184	25 468	1 050 057	68 378	1 118 435
As at 01.01.2014	714	738 029	252 753	(11 718)	979 778	64 746	1 044 524
COMPREHENSIVE INCOME							
Income/(loss) for the period	-	-	44 546	-	44 546	(1 276)	43 270
Currency translation differences	-	-	-	(15 313)	(15 313)	6 092	(9 221)
Net investment hedges valuation	-	(4 141)	-	-	(4 141)	-	(4 141)
Deferred tax related to net investment hedges	-	787	-	-	787	-	787
Total Comprehensive Income	-	(3 354)	44 546	(15 313)	25 879	4 816	30 695
TRANSACTION WITH NON-CONTROLLING INTERESTS							
Dividends paid to non-controlling shareholders	-	-	-	-	-	(3 376)	(3 376)
Total transactions with non-controlling interests	-	-	-	-	-	(3 376)	(3 376)
TRANSACTION WITH SHAREHOLDERS							
Employees share option scheme – value of employee services	-	5 076	-	-	5 076	-	5 076
Net result on treasury shares transactions	-	(525)	-	-	(525)	-	(525)
Purchase of treasury shares	-	227	-	-	227	-	227
Total transactions with equity holders	-	4 778	-	-	4 778	-	4 778
As at 30.09.2014	714	739 453	297 299	(27 031)	1 010 435	66 186	1 076 621

6. Earnings per Ordinary Share

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

	9 months ended September 30, 2014	3 months ended September 30, 2014	9 months ended September 30, 2013	3 months ended September 30, 2013
Net profit/(loss) from continued operations attributable to shareholders of the parent (in thousands of PLN)	44 546	31 594	63 263	7 608
Net profit/(loss) from continued operations attributable to shareholders of the parent (in thousands of PLN)	-	-	(12 884)	-
Net profit/(loss) attributable to shareholders of the parent (in thousands of PLN)	44 546	31 594	50 379	7 608
Ordinary shares	21 213 893	21 213 893	21 213 893	21 213 893
Effect of stock options granted in 2005	10 988	10 988	20 622	20 622
Effect of stock options granted in 2006	8 544	8 544	15 628	15 628
Effect of stock options granted in 2007	-	-	-	-
Effect of stock options granted in 2008	686	686	3 901	3 901
Effect of stock options granted in 2009	27 476	27 476	28 635	28 635
Effect of stock options granted in 2010	14 422	14 422	14 880	14 880
Effect of stock options granted in 2011	103 271	103 271	189 197	189 197
Effect of stock options granted in 2012	7 985	7 985	83 551	83 551
Average weighted number of ordinary shares used in calculation of diluted earnings per share	21 387 264	21 387 264	21 570 307	21 570 307
Basic earnings/(loss) per ordinary share (PLN)	2.10	1.49	2.37	0.36
Diluted earnings/(loss) per ordinary share (PLN)	2.08	1.48	2.34	0.35
Basic earnings/(loss) from continued operations per ordinary share (PLN)	2.10	1.49	2.98	0.36
Diluted earnings/(loss) from continued operations per ordinary share (PLN)	2.08	1.48	2.93	0.35
Basic earnings/(loss) from discontinued operations per ordinary share (PLN)	-	-	(0.61)	-
Diluted earnings/(loss) from discontinued operations per ordinary share (PLN)	-	-	(0.59)	-

7. Subsequent events

No material subsequent events noted after balance sheet date.

**C. Interim Stand-Alone Financial Statements for the quarter ended
September 30th, 2014**

1. Selected financial information

Selected financial data, including key items of the stand-alone financial statements as at and for 9 months ended on September 30th, 2014 and September 30th, 2013:

	9 months 2014 in thousands PLN	9 months 2013 in thousands PLN	9 months 2014 in thousands EUR	9 months 2013 in thousands EUR
Total sales	-	-	-	-
Profit/(loss) from operations	285	(1 985)	68	(467)
Profit before tax	996	8 072	239	1 900
Net profit	665	8 930	159	2 102
Net cash provided by operating activities	1 864	1 626	446	383
Net cash used in investing activities	(19 658)	(120 923)	(4 708)	(28 464)
Net cash provided/ (used in) financing activities	6 959	133 796	1 667	31 464
Net cash flow, total	10 835	14 499	2 595	3 413
Total assets	1 169 050	1 160 735	279 978	275 297
Total liabilities and provisions	300 014	295 284	71 851	70 034
Long-term liabilities	280 984	289 163	67 293	68 582
Short-term liabilities	19 030	6 121	4 558	1 452
Total equity	869 036	865 451	208 127	205 263
Issued capital	714	714	171	174

* no dividends were paid in 2014 and in 2013

Assets and liabilities are translated into the Polish zloty at exchange rates quoted for the balance-sheet date by the National Bank of Poland. Income and expenses are translated at exchange rates approximated to the rates quoted for the date of a given transaction.

The selected financial data were translated into the euro in accordance with the following policies:

- Assets and liabilities – at mid exchange rates quoted by the National Bank of Poland for a given balance-sheet date;
- Items in the income statement – at exchange rates representing the arithmetic averages of the exchange rates quoted by the National Bank of Poland for the last day of each month in a given calendar quarter.

**Interim stand-alone income statement
for the quarter ended September 30th, 2014**

<i>in thousands of Polish Zloty</i>	9 months ended September 30, 2014	3 months ended September 30, 2014	9 months ended September 30, 2013	3 months ended September 30, 2013
Other operating income	2 142	77	-	-
General and administrative expenses	(1 857)	(897)	(1 985)	258
Profit from operations	285	(820)	(1 985)	258
Finance income	13 314	5 240	20 752	14 645
Finance costs	(12 604)	(4 638)	(10 695)	(4 708)
Net profit before tax	995	(218)	8 072	10 195
Income tax	(330)	(42)	858	244
Net profit for the period	665	(260)	8 930	10 439

**Interim stand-alone statement of comprehensive income
for the quarter ended September 30th, 2014**

<i>in thousands of Polish Zloty</i>	9 months ended September 30, 2014	3 months ended September 30, 2014	9 months ended September 30, 2013	3 months ended September 30, 2013
Net profit	665	(260)	8 930	10 439
Other comprehensive incomes:				
Other comprehensive incomes net	-	-	-	-
Total comprehensive incomes	665	(260)	8 930	10 439



**Interim stand-alone statement of financial position
as of September 30th, 2014 and December 31st, 2013**

in thousands of Polish Zloty

	30.09.2014	31.12.2013
Assets		
Property, plant and equipment	19	19
Other intangible assets	493	444
Investments in subsidiaries	890 145	858 830
Other non-current financial assets	232 793	242 500
Deferred tax assets	-	718
Total non-current assets	1 123 450	1 102 511
Trade and other receivables	354	4 093
Income tax receivables	830	-
Other current assets	147	30
Other current financial assets	18 400	13 182
Cash and cash equivalents	25 869	36 704
Total current assets	45 600	54 009
Total assets	1 169 050	1 156 520
Equity		
Issued capital	714	714
Reserves	796 490	791 414
Retained earnings	71 831	71 464
Total equity	869 035	863 592
Liabilities		
Deferred tax liabilities	66	-
Other non-current financial liabilities	280 918	139 226
Total non-current liabilities	280 984	139 226
Other current financial liabilities	18 561	150 410
Trade and other accounts payable	470	3 292
Total current liabilities	19 031	153 702
Total liabilities	300 015	292 928
Total equity and liabilities	1 169 050	1 156 520



AmRest Holdings SE

**Interim stand-alone statement of cash flows
for 9 months ended September 30th, 2014**

in thousands of Polish Zloty

	9 months ended September 30, 2014	9 months ended September 30, 2013
Cash flows from operating activities		
Profit before tax	996	8 072
Adjustments:		
Interest expense, net	309	(9 836)
Unrealized foreign exchange (gain)/loss	(1 652)	55
(Increase)/decrease in receivables	3 155	537
Increase/(decrease) in liabilities	(2 142)	205
Change in other assets	(117)	(42)
Income tax paid / (returned)	(830)	1 008
Interest paid	(9 633)	(6 194)
Interest received	11 778	7 808
Other	-	13
Net cash provided by operating activities	1 864	1 626
Cash flows from investing activities		
Proceeds from the settlements of the purchase of subsidiary	-	1 539
Expense on increasing assets in related parties	(26 240)	(21 657)
Proceeds from repayment of loans	11 627	26 458
Expense on loans given	(4 995)	(138 307)
Dividends received	-	11 389
Acquisition of intangible assets	(50)	(345)
Net cash used in investing activities	(19 658)	(120 923)
Cash flows from financing activities		
Proceeds from share issuance (employees options)	1 638	591
Expense on acquisition of own shares (employees option)	(1 578)	(2 056)
Proceeds from bonds issued	139 414	139 174
Expense on bond issued	(132 515)	-
Repayment of loans and borrowings to related entities	-	(3 913)
Net cash used in financing activities	6 959	133 796
Total net cash flows	(10 835)	14 499
Net change in cash and cash equivalents	(10 835)	14 499
Cash and cash equivalents, beginning of period	36 704	12 433
Cash and cash equivalents, end of period	25 869	26 932

Interim stand-alone statement of changes in equity for 9 months ended September 30th, 2014

<i>in thousands of Polish Zloty</i>	Issued capital	Share premium	Retained Earnings	Total Equity
As at 01.01.2013	714	783 790	66 944	851 448
Comprehensive Income				
Income for the period	-	-	8 930	8 930
Total comprehensive Income	-	-	8 930	8 930
Transaction with non-controlling shareholders	-	-	-	-
Transaction with shareholders				
Purchase of treasury shares	-	-	(971)	(971)
Net result on treasury shares transaction	-	-	(494)	(494)
Employees share option scheme – value of employee services	-	6 538	-	6 538
Total transaction with shareholders	-	6 538	(1 465)	5 074
As at 30.09.2013	714	790 328	74 409	865 451
As at 01.01.2014	714	791 414	71 464	863 592
Comprehensive Income				
Income for the period	-	-	665	665
Total Comprehensive Income	-	-	665	665
Transaction with non-controlling shareholders	-	-	-	-
Transaction with shareholders				
Issuance of shares	-	-	227	227
Net result on treasury shares transaction	-	-	(525)	(525)
Employees share option scheme – value of employee services	-	5 076	-	5 076
Total transaction with shareholders	-	5 076	(298)	4 778
As at 30.09.2014	714	796 490	71 831	869 035

2. Selected information to the stand-alone financial statements

These interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union and issued by the International Accounting Standards Board. As at September 30th, 2014 there are no differences with regards to policies adopted by the Group and the International Financial Reporting Standards. The accounting policies used in the preparation of the stand-alone financial statements are consistent with those used in the annual financial statements for the year ended December 31st, 2013, except for the new accounting standards adopted as of January 1st, 2014.

The interim financial statements are presented in Polish zloty (PLN) which is the functional currency of AmRest Holdings SE since January 1st 2009.

3. Investments in subsidiaries

Details of investments in associated companies as at September 30th, 2014 and December 31st, 2013:

Name	September 30 th 2014		December 31 st , 2013	
	Share in initial capital	Value of shares	Share in initial capital	Value of shares
AmRest Sp. z o. o (Poland) (a)	100.00 %	589 427	100.00 %	584 351
AmRest Acquisition Subsidiary Inc. (USA)	100.00 %	146 954	100.00 %	146 954
Blue Horizon Hospitality Group PTE Ltd. (China) (c)	60.18 %	86 578	56.60 %	74 714
AmRest s.r.o. (Czech Republic)	100.00 %	33 573	100.00 %	33 573
AmRest HK Limited (China)	82.00 %	19 226	82.00 %	19 238
AmRest EOOD (Bulgaria) (b)	100.00 %	14 388	100.00 %	-
Total	-	890 146	-	858 830

(a) Value of shares in AmRest Sp. z o. o. was increased by the value of recognized costs in connection to valuation of employee share option scheme (shares were issued to employees of subsidiaries). Capitalized costs of this accounted for PLN 5 076 thousand.

(b) On March 11, 2014 resolution on share capital increase in AmRest EOOD was passed. AmRest Holdings SE made capital contribution in amount of BGN 5 900 thousand.
On May 27, 2014 resolution on share capital increase in AmRest EOOD was passed. AmRest Holdings SE made capital contribution in amount of BGN 812 thousand.

(c) On June 13, 2014 resolution on share capital increase in Blue Horizon Hospitality Group PTE LTD was passed. AmRest Holdings SE made capital contribution in amount of USD 3 915 thousand. As a result, percentage engagement AmRest Holdings SE in share capital of Blue Horizon Hospitality Group PTE LTD increased from 56.6% to 60.18%.

AmRest Holdings SE

Company Representatives Signatures:

Drew O'Malley
AmRest Holdings SE
Management Board Member

Wojciech Mroczyński
AmRest Holdings SE
Management Board Member

Mark Chandler
AmRest Holdings SE
Management Board Member

Wroclaw, November 14th, 2014