AmRest Holdings SE

Annual Separate Financial Statements as at and for the twelve months ended December 31st, 2014

Contents:

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Wrocław, March 18th, 2015

Annual Separate Income Statement for the 12 months ended December 31, 2014

In thousands of Polish Zloty	**Note**	**12 months ended December 31, 2014**	**12 months ended December 31, 2013**
General and administrative expenses (G&A)		(2 840)	(3 361)
Other operating cost	11	(21 201)	-
Other operating income		2 506	3 159
Finance income	9	17 699	32 404
Finance cost	9	(16 666)	(25 855)
Profit before tax		**(20 502)**	**6 347**
Income tax expense	10	413	506
Profit for the period		**(20 915)**	**6 853**
Basic profit per share in Polish zloty	14	(0,99)	0,32
Diluted profit per share in Polish zloty	14	(0,99)	0,32

The Annual Separate Income Statement has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Comprehensive Income for the 12 months ended December 31, 2014

In thousands of Polish Zloty	**12 months ended December 31, 2014**	**12 months ended December 31, 2013**
Profit for the period	**(20 915)**	**6 853**
Other comprehensive income	-	-
Other comprehensive income for the period, net of tax	**-**	**-**
Total comprehensive income for the period	**(20 915)**	**6 853**
Total items that may be reclassified subsequently to profit or loss	(20 915)	6 853
Total items that will not be reclassified to income statement	-	-

The Annual Separate Statement of Comprehensive Income has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Financial Position as at December 31, 2014

In thousands of Polish Zloty	Note	December 31, 2014	December 31, 2013
Assets			
Property, plant and equipment		-	19
Other intangible assets		585	444
Investment in associates	2	873 942	858 830
Other non-current assets	3	232 500	242 500
Deferred tax assets	10	-	718
Total non-current assets		**1 107 027**	**1 102 511**
Trade and other receivables	5	4 089	4 093
Income tax receivables	5	889	-
Other current assets		80	30
Other financial assets	3	12 711	13 182
Cash and cash equivalents	8	1 964	36 704
Total current assets		**19 733**	**54 009**
Total assets		**1 126 760**	**1 156 520**
Equity			
Share capital		714	714
Reserves	7	779 346	791 414
Retained Earnings	7	31 112	71 464
Total Equity attributable to shareholders of the parent		**811 172**	**863 592**
Liabilities			
Deferred tax liabilities	10	271	-
Trade and other payables	6	34 939	-
Non-current bonds liabilities	4	278 775	139 226
Total non-current liabilities		**313 985**	**139 226**
Interest-bearing loans and borrowings	4	-	150 410
Trade and other payables		1 603	3 291
Total current liabilities		**1 603**	**153 701**
Total liabilities		**315 588**	**292 927**
Total equity and liabilities		**1 126 760**	**1 156 520**

The Annual Separate Statement of Financial Position has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Cash Flows for the 12 months ended December 31, 2014

In thousands of Polish Zloty

	Nota	12 months ended December 31, 2014	12 months ended December 31, 2013
Cash flows from operating activities			
Profit before tax		(20 502)	6 347
Adjustments for:			
Amortization		94	-
Interest, net		1 196	(17 536)
Unrealized foreign exchange differences		(2 113)	483
Change in receivables	8	(649)	(2 732)
Change in other current assets	8	(50)	(26)
Change in payables and other liabilities	8	(458)	1 138
Income taxes paid		(774)	1 008
Interest paid	4	(15 847)	(14 521)
Interest received		15 556	21 599
Dividends received from subsidiaries		-	19 237
Impairment on the investment	11	21 201	10 265
Net cash provided by operating activities		**(2 346)**	**25 262**
Cash flows from investing activities			
Proceeds from the settlement of the purchase of subsidiaries		-	1 553
Proceeds from repayment of loan given	3	11 627	31 493
Expense on loans given	3	(4 995)	(140 082)
Acquisition of subsidiaries, net of cash acquired		(29 254)	(31 933)
Acquisition of property, plant and equipment		(182)	(462)
Net cash used in investing activities		**(22 804)**	**(139 431)**
Cash flows from financing activities			
Proceeds from share issuance (employees options)		2 408	1 438
Expense on acquisition of own shares (employees option)		(6 645)	(4 482)
Proceeds from bonds issuance	4	139 362	139 150
Proceeds from loans received	4	(151 015)	-
Repayment of loans and borrowings		-	(3 913)
Expense on cash-pooling		-	(53)
Proceeds from short and long-term deposits		6 300	6 300
Net cash provided by/(used in) financing activities		**(9 590)**	**138 440**
Net change in cash and cash equivalents		**(34 740)**	**24 271**
Balance sheet in cash and cash equivalents		**(34 740)**	**24 271**
Cash and cash equivalents, beginning of period		**36 704**	**12 433**
Cash and cash equivalents, end of period		**1 964**	**36 704**

The Annual Separate Statement of Cash Flows has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Changes in Equity for the 12 months ended December 31, 2014

	Issued capital	Reserves	Retained Earnings	**Total Equity**
As at January 1, 2013	**714**	**783 790**	**66 944**	**851 448**
Comprehensive Income				
Profit for the period	-	-	6 853	**6 853**
Total Comprehensive Income	**-**	**-**	**6 853**	**6 853**
Transactions with shareholders				
Employees share option scheme – value of employee services	-	7 624	-	**7 624**
Net result on treasury share transaction		-	(2 106)	**(2 106)**
Purchase of treasury shares	-	-	(227)	**(227)**
Total of transactions with shareholders	**-**	**7 624**	**(2 333)**	**5 291**
As at December 31, 2013	**714**	**791 414**	**71 464**	**863 592**
As at January 1, 2014	**714**	**791 414**	**71 464**	**863 592**
Comprehensive Income				
Profit for the period	-	-	(20 915)	**(20 915)**
Distribution of retained earnings	-	19 437	(19 437)	**-**
Total Comprehensive Income	**-**	**19 437**	**(40 352)**	**(20 915)**
Transactions with shareholders				
Employees share option scheme – value of employee services	-	8 098	-	**8 098**
Change of employees share option scheme	-	(34 939)	-	**(34 939)**
Net result on treasury share transaction	-	(876)	-	**(876)**
Purchase of treasury shares	-	(3 788)	-	**(3 788)**
Total of transactions with shareholders	**-**	**(31 505)**	**-**	**(31 505)**
As at December 31, 2014	**714**	**779 346**	**31 112**	**811 172**

The Annual Separate Statement of Changes in Equity has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

1 Company overview and significant accounting policies

(a) Background

AmRest Holdings SE ("the Company") was established in the Netherlands in October 2000 as a joint-stock company. On September 19, 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. On December 22, 2008, the District Court for Wrocław-Fabryczna in Wrocław, 6th Business Department registered the new registered office of AmRest in the National Court Register. The address of the Company's new registered office is: pl. Grunwaldzki 25-27, Wrocław (50-365), Poland. The Court also registered amendments to the Company's Memorandum of Association related to the transfer of the registered office of AmRest to Poland.

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

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

- AmRest Sp. z o.o. (Poland), the entity being a parent in an international group comprising of entities located in Poland, as well as in Russia (OOO AmRest) and USA (AmRest, LLC),
- AmRest s.r.o. (The Czech Republic),
- AmRest EOOD (Bulgaria),
- AmRest Acqusition Subsidiary Inc (USA),
- AmRest HK Limited (China),
- Blue Horizon Hospitality Group PTE Ltd. (China), the entity being a parent in a group, comprising of entities located in China,
- AmRest FSVC LLC (USA).

The principal activity of the subsidiaries 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 the Group operates its own brands La Tagliatella, Trastevere and il Pastificcio. 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 21, 2012 the Group operates its own brands Blue Frog and KABB.

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

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

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

On April 22, 2010 share subscription agreement was signed between AmRest Holdings S.E, and WP Holdings VII B.V., following which on May 24, 2010 WP Holdings VII B.V. obtained 4 726 263 shares of the Company from new emission at emission price of PLN 65 for total value of PLN 307.2 million. At June 10, 2010 was registered by the registry court in 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 instalments 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. On March 25, 2011, WP subscribed for 2 271 590 shares with the issuance price of PLN 75 per share. After decrease by all costs concern capital issue the growth was PLN 168 926 thousand.

As at December 31, 2014, WP Holdings VII B.V. was the largest shareholder of AmRest and held 31,71% of its shares and voting rights.

These financial statements were authorized by the Management Board on March 18, 2015.

(b) Representations on compliance of the financial statements with the International Financial Accounting Standards

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and adopted by the European Union for annual financial reporting, in force as at December 31, 2014. As at December 31, 2014, there are no discrepancies between the accounting policies adopted by the Group and the standards referred to above. The accounting policies which have been applied in the preparation of the annual separate financial statements comply with those used in preparing the annual separate financial statements for the year December 31, 2013, with the exception of the new standards binding as of January 1, 2014.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2014:

- IFRS 11 "Joint Arrangements" Company has applied the change from 1 January 2014, the amendment has no material impact on the separate financial statements.
- IFRS 12 "Disclosure of Interests in Other Entities" Company has applied the change from 1 January 2014 the amendment has no material impact on the separate financial statements.
- Revised IAS 27 "Separate Financial Statements" Company has applied the change from 1 January 2014, the amendment has no material impact on the separate financial statements.
- Revised IAS 28 "Investments in Associates and Joint Ventures" Company has applied the change from 1 January 2014, the amendment has no material impact on the separate financial statements.
- Changes in the transitional provisions of IFRS 10, IFRS 11, IFRS 12, Company has applied the change from 1 January 2014 amendment has no material impact on the separate financial statements.
- Investment Entities - amendments to IFRS 10, IFRS 12 and IAS 27 Company has applied the change from 1 January 2014, the amendment has no material impact on the separate financial statements.
- Offsetting financial assets and financial liabilities - Amendments to IAS 32 Company has applied the change from 1 January 2014, the amendment has no material impact on the separate financial statements.
- Recoverable amount disclosure for non-financial assets - Amendments to IAS 36 Company has applied the change from 1 January 2014, the amendment has no material impact on the separate financial statements.
- Novation of derivatives and continuation of hedge accounting - Amendments to IAS 39 Company has applied the change from 1 January 2014, the amendment has no material impact on the separate financial statements.

In these separate financial statements, the Company decided not to early adopt the following published standards, interpretations and amendments to existing standards prior to the date of application:

- IFRS 9 "Financial Instruments" replacing IAS 39.

IFRS 9introduces one model, according to which financial as sets are required to be classified into two measurement categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. Classification on initial recognition is driven by the entity's business model for managing the financial assets and the contractual cash flows characteristics. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. The key change is the requirement to present in other comprehensive income, a significant change in credit risk relating to financial liabilities designated to be measured at fair value through profit and loss. Hedge accounting requirements were amended to align accounting more closely with risk management.

The amendments have not yet been endorsed by the EU.

- Amendments to IFRS 2010-2012.

International Accounting Standards Board has published in December 2013 . "Improvements to IFRSs 2010-2012 " which amend 7 standards . The amendments include changes in presentation, recognition and valuation and include terminology and editorial changes . The amendments are effective for the most part for annual periods beginning on or after 1 July 2014 .

The Company will apply these amendments to IFRS from 1 January 2016 .

The Company considers this change will not have a significant impact on the separate financial statements..

- Amendments to IFRS 2011-2013.

International Accounting Standards Board has published in December 2013 . "Improvements to IFRSs 2011-2013 " , which change 4 standards . The amendments include changes in presentation, recognition and valuation and include terminology and editorial changes . The amendments are effective for annual periods beginning on or after 1 July 2014 .

The Company will apply these amendments to IFRS from 1 January 2015 .

The Company considers this change will not have a significant impact on the separate financial statements.

- FRS 14 "Regulatory accruals".

IFRS 14 is effective for annual periods beginning on or after 1 January 2016 . Or after that date. This standard allows individuals who produce financial statements in accordance with IFRS for the first time , to the recognition of the amounts resulting from the activities of regulated prices in accordance with the previously applied accounting principles . To improve comparability with units which already apply IFRS and do not show such amounts in accordance with the published IFRS 14, the amounts resulting from the activities of regulated prices, should be subject to the presentation in a separate location, either in the statement of financial position as well as in the income statement and statement of other comprehensive income.

The Company will apply these amendments to IFRS from 1 January 2016 .

The Company considers this change will not have a significant impact on the separate financial statements.

- IFRIC 21 "Taxes and Fees ".

IFRIC Interpretation 21 was published on 20 May 2013. And is effective for financial years beginning on 17 June 2014. Or after that date.

The interpretation clarifies the accounting recognition of liabilities for payment of fees and taxes that are not income taxes . Obligating event is the event of the law resulting in the need to pay tax or fee . The mere fact that the unit will continue to operate in the next period, or to draw up a report in accordance with the going concern principle , does not create a need to recognize the commitment. The same principles apply to liability recognition of annual and interim reports . Application of the interpretation of the obligations arising from emission rights is optional.

The Company will apply IFRIC 21 from 1 January 2015.

The Company considers this change will not have a significant impact on the separate financial statements.

- Amendments to IFRS 11 on the purchase of a share in a common activity.

This amendment to IFRS 11 requires the investor when he acquires a share in a common business activity which is as defined in IFRS 3 application to acquire its share of the accounting rules on businesses connections in accordance with IFRS 3 and the rules under other standards , unless they are contrary to the guidelines contained in IFRS 11 .

The change is effective for annual periods beginning on or after 1 January 2016.

The Company will apply the change from 1 January 2016 .

The Company considers this change will not have a significant impact on the separate financial statements.

- Amendments to IAS 16 and IAS 38 concerning Depreciation.

The amendment clarifies that the use of the depreciation method based on revenues is not appropriate because the revenues generated in the business , which uses data assets also reflect factors other than the consumption of economic benefits from the asset.

The change is effective for annual periods beginning on or after 1 January 2016.

The Company will apply the change from 1 January 2016 .

The Company considers this change will not have a significant impact on the separate financial statements.

At the date of preparation of these separate financial statements , this change has not yet been approved by the European Union .

- Amendments to IAS 16 and IAS 41 concerning Crops.

The amendments require the recognition of certain manufacturing plants , such as vines , rubber trees or palm oil (ie . That give crops for many years and are not intended for sale in the form of planting or harvesting at harvest time) in accordance with the requirements of IAS 16 "Property , Plant and Equipment "because its cultivation is analogous to the production. As a result of these changes include such plants within the scope of IAS 16 and not IAS 41 fetuses from these plants still in the range of IAS 41.

Amendments were published on 30 June 2014 . And are effective for annual periods beginning on or after 1 January 2016.

The Company will apply the change from 1 January 2016.

The Company considers this change will not have a significant impact on the separate financial statements.

At the date of preparation of these consolidated financial statements , this change has not yet been approved by the European Union .

- Amendments to IAS 27 concerning . The equity method in the separate financial statements.

Amendment to IAS 27 allows the use of the equity method as one of the optional methods of accounting for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.

The amendments were published on 12 August 2014 . And are effective for annual periods beginning on or after 1 January 2016.

The Company will apply the change from 1 January 2016.

The Company considers this change will not have a significant impact on the separate financial statements.

At the date of preparation of these consolidated financial statements , this change has not yet been approved by the European Union.

- Amendments to IFRS 10 and IAS 28 concerning. Sales or transfers of assets between the investor and its associates or joint ventures.

Changes to solve the problem of the current inconsistencies between IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture are the "business" (ang. Business).

If the non-monetary assets are "business", the investor will show the full gain or loss on the transaction. If the assets do not meet the definition of a business, the investor recognizes a gain or loss except for the part representing the interests of other investors.

The amendments were published on 11 September 2014. And are effective for annual periods beginning on or after 1 January 2016.

The Company will apply the change from 1 January 2016.

The Company considers this change will not have a significant impact on the separate financial statements.

At the date of preparation of these consolidated financial statements, this change has not yet been approved by the European Union.

- Amendments to IFRS 2012-2014.

International Accounting Standards Board published in September 2014 . "Improvements to IFRSs 2012-2014 " , that change four standards : IFRS 5, IFRS 7 , IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016.

The Company will apply these amendments to IFRS from 1 January 2016.

The Company considers this change will not have a significant impact on the separate financial statements.

At the date of preparation of these separate financial statements, amendments to IFRS has not yet been approved by the European Union .

- Amendments to IAS 1.

December 18, 2014 on., In the framework of the so-called work-related. initiative on disclosure, the International Accounting Standards Board issued an amendment to IAS 1. The purpose of the published amendment is to clarify the concept of materiality and to clarify that if the entity considers that the information is not relevant, then it should not disclose them, even if such disclosure is generally required by another IFRS. The revised IAS 1 explained that the items presented in the statement of financial position and statement of results and other comprehensive income may be aggregated or disaggregated according to their relevance. Also introduced additional guidance relating to the presentation of subtotals in these reports. The amendments are effective for annual periods beginning on or after 1 January 2016.

The Company will apply the above change from 1 January 2016.

The Company considers this change will not have a significant impact on the separate financial statements.

At the date of preparation of these separate financial statements, amendments to IFRS has not yet been approved by the European Union.

- Amendments to IFRS 10, IFRS 12 and IAS 28 concerning Deconsolidation of investment units.

December 18, 2014 on. The IASB published the so-called. amendment to a limited extent. Amendment to IFRS 10, IFRS 12 and IAS 28 published Fri. Investment Units: deconsolidation specifies requirements for investment entities and introduces some ease.

The standard clarifies that an entity should measure at fair value through profit or loss all of its subsidiaries, which are units of investment. In addition, clarified that the exemption from preparing consolidated financial statements if the parent company prepares a higher degree of financial statements available to the public concerns made regardless of whether the subsidiaries are consolidated or at fair value through profit or loss in accordance with IFRS 10 in the report of the ultimate parent or senior . The amendments are effective for annual periods beginning on or after 1 January 2016.

The Company will apply these changes from 1 January 2016.

The Company considers this change will not have a significant impact on the separate financial statements.

At the date of preparation of these separate financial statements, amendments to IFRS has not yet been approved by the European Union.

- Amendments to IAS 19 "Employee Benefits".

Amendments to IAS 19 "Employee Benefits" was published by the International Accounting Standards Board in November 2013. Or after that date.

Changes allow for recognition of contributions paid by employees as a reduction of labor costs in the period in which the work is performed by the employee, instead of assigning contributions to the work periods, if the amount of the employee contribution is independent of the length of service. The Company will apply the amendments to IAS 19 from 1 January 2016. The Company considers this change will not have a significant impact on the separate financial statements.

- IFRS 15 "Revenue from Contracts with Customers".

IFRS 15 "Revenue from Contracts with Customers" was published by the International Accounting Standards Board on 28 May 2014. And are effective for annual periods beginning on or after 1 January 2017. Or after that date.

The principles set out in IFRS 15 will apply to all contracts resulting in revenue. The fundamental principle of the new standard is to recognize revenue at the time of the transfer of goods or services to the client, in the amount of the transaction price. Any goods or services sold in packages that can be distinguished in the package, should be recognized separately, moreover, any discounts and rebates on the transaction price should in principle be allocated to the various elements of the package. If the amount of revenue is variable, according to the new standard for the amount of variables are included in the income, if there is a high probability that in the future there will be no reversal of the recognition of income as a result of revaluation. Furthermore, in accordance with IFRS 15 costs incurred to acquire and secure a contract with the customer must be activated and deferred for a period of consumption of the benefits of this contract. The Company will apply IFRS 15 from 1 January 2017. The Company considers this change will not have a significant impact on the separate financial statements. At the date of preparation of these separate financial statements, IFRS 15 has not yet been approved by the European Union.

Before the issuance date of this financial statements were published by IASB numerous standards and interpretations, which haven’t entered into force, but some of them were approved for use by European Commission. The Company did not decide to for early adoption of any of these standards.

(c) Basis of preparation of financial statements

Because of the fact that Company has moved its seat to Poland financial statements was prepared in polish zloty (PLN), after rounding to full thousands (TPLN).

The Company prepares consolidated financial statements of the Group for which it acts as a parent. The consolidated and separate financial statements have to be analyzed jointly in order to vies a full picture of the Company’s financial.

The financial statements were prepared on the historical cost excluding valuation of derivative instruments and investment properties to their fair value.

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

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

The accounting policies described above have been applied consistently in all the financial years covered by the separate financial statements, except for those instances were changes were made in connection to new standards and interpretations were applied

(d) Going concern assumption

Information presented below should be read together with information provided in Note 12 and 16, describing accordingly: contingencies, and significant post balance sheet events after December 31, 2014.

Annual separate financial statements for the period of 12 months ended December 31, 2014 were prepared in accordance with going concern assumption by the Entity in foreseeable future, what assumes realization of assets and liabilities throughout the normal terms of business operations. Annual separate financial statements does not account for adjustments, which would be essential in such events. As at the date of annual separate financial statements issuance in assessment made by Management Board Entity there are no circumstances indicating threats for business going concern of the Entity and any related party in AmRest Group as well.

(e) Property, plant and equipment

Property, plant and equipment owned by the Company

The initial value of the property, plant and equipment is recognized in the books of account at historical cost net of accumulated depreciation and potential impairment. The initial value of the property, plant and equipment manufactured internally covers the cost of materials, direct labour, and – if material – the initial estimate of the cost of disassembly and removal of the assets and of bringing the location to the condition it had been in before the lease agreement was signed.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds from sale with carrying amounts and recognized in the income statement under „Gains/losses on disposal of property, plant and equipment".

(f) Intangible assets

Computer software

Acquired licenses for computer software are capitalized on the basis of costs incurred to acquire and prepare specific software for use. These costs are amortized on the basis of the expected useful lives.

Amortization

Intangible assets are amortized on a straight-line basis over the expected useful life of the assets if it is determined. Goodwill and other intangible assets whose expected useful lives cannot be specified are assessed annually for potential impairment and are not amortized. Other intangible assets are amortized as of the date of their availability for use.

The expected useful lives of assets are as follows:

- Computer software 3 -5 years

(g) Financial assets – investments in subsidiaries

Investments in subsidiaries

Investments in subsidiaries are valued at cost, net of impairment losses.

Other than investments in subsidiaries the Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity assets, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and reviews this designation at every balance sheet date.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories described below. The Entity does not maintain any investments classified as available-for-sale financial assets as at the end of each of the periods covered by these separate financial statements.

Financial assets at fair value profit or loss

This category has two sub-categories: ‘financial assets held for trading’, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as ‘held for trading’ unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. The Company does not maintain any investments classified as financial assets at fair value through profit or loss as at the end of each of the periods covered by these financial statements.

Financial assets held to maturity

This category covers financial assets which the Management Board decided would be maintained to maturity upon inception. Financial assets held to maturity are stated at amortized cost. The carrying amount of investments measured at adjusted purchase price (amortized cost) and is calculated as the amount due on maturity net of all non-amortized initial discounts or premiums.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. They are carried at amortized cost less impairment losses and are classified as ‘trade and other receivables’ in the balance sheet for maturities not greater than 12 months after the balance sheet date (see note (h) of accounting policies below).

Regular investment purchase and sale transactions are recognized as at the transaction date – the date on which the Company commits to purchase or sell a given asset. Investments are initially recognized at fair value plus transaction costs. This relates to all financial assets not measured at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value, and the transaction costs are recognized in the income statement. Financial assets recognized at fair value through profit or loss are derecognized when the rights to receive cash flows from the financial assets have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at adjusted purchase price (amortized cost using the effective interest method).

(h) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognized initially at fair value and subsequently measured at amortized cost less impairment losses.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(j) Impairment

As at each balance sheet date the Company verifies the carrying amount of assets other than inventories and deferred income tax assets, to determine whether the assets do not show signs of impairment. If there are signs of impairment, the recoverable value of the assets is determined. In respect of assets whose economic useful life is not determined and assets which were not commissioned for use, and goodwill, the recoverable amount is determined as at each balance sheet date. Impairment write-downs are recognized in the books of account in the event that the present value of an asset or a group of assets generating specific cash flows exceeds their recoverable value. Impairment losses are recognized in the income statement.

Impairment write-downs of trade and other receivables are recognized when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. If there is such evidence, the impairment write-downs recognized in amortized cost of the receivables are determined as the difference between the value of the assets following from the books of account as at the measurement date and the present value of the expected future cash flows discounted using the effective interest rate of the financial instrument. Impairment losses are recognized in the income statement.

Impairment on the investments in subsidiaries is recognized to the recoverable amount if the recoverable amount of these assets is lower than their book value. When tasting for impairment of investments in subsidiaries the Entity measures the value in use of an asset by determining the current present value of the estimated future cash flow expected to be derived from the continued use of these assets and their disposal at the end of useful life period. Value of the future cash flows is based on the most recent and approved by Management Board budget, which covers the period of following 5 years, while data for the period beyond the period covered by the most recent budget by extrapolating the projections using a steady growth rate at the level of 3%. A cash-generating unit is a separate subsidiary running business activity.

The recoverable amount of the remaining assets is estimated at the higher of the fair value net of costs to sell and the value in use. Value in use is deemed to be the sum of discounted future cash flows which will be generated from the asset using the market discount rate before tax reflecting the time value of money and the risks characteristic for the given asset. If it is not possible to determine the future cash flows from a given asset, for the purpose of determining the value in use, a group of assets which includes the given asset, which generate specific cash flows, are taken into account. In such events, groups of cash-generating assets are deemed to be single restaurants. In case of Spain, the Company, due to ongoing integration, treats as cash-generating assets following operating activities: operating franchised KFC restaurants, operating proprietary brands restaurants and franchise and other activity.

Reversal of impairment write-downs

Impairment write-downs in respect of receivables recognized at amortized cost are reversed if the later increase in their recoverable value may be objectively attributed to an event which arose after the impairment was recognized.

Impairment write-downs in respect of goodwill cannot be reversed. In respect of other assets, impairment write-downs are reversible if there are premises indicating that the impairment has ceased to exist or decreased. Reversal of impairment should be made if estimates used to determine the recoverable value are changed.

Impairment write-downs are reversed only to the extent to which the carrying amount of an asset does not exceed the carrying amount it would be recognized at, net of depreciation, had the impairment not been recognized.

revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(k) Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

The supplementary capital comprises of:

- surpluses between income from share issue and nominal value of issued shares, less costs of issue,
- costs of employee benefits and share option plans.

(l) Financial liabilities - interest bearing loans and borrowings and bonds obligations

Interest-bearing loans and borrowings as well as bonds obligations are recognized initially at cost being their fair value, less attributable transaction costs. In subsequent periods, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings using the effective interest rate method.

If the loan is settled before the maturity date, any difference between the settled cost and the current cost is recognized in the income statement.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The zero coupons bonds obligations are classified as non-current liabilities if the maturity date is equal greater than 12 months after the balance sheet date.

(m) Employee benefits

Share-based compensation

The Company, having no own employees, provides three equity-settled, share-based compensation plans for the key employees of AmRest Group (see Note 6). The fair value of work performed by the employees for a consideration payable in options increases investment. The total amount which has to be taken to the income statements over the vesting period is based on the fair value of options received. As at each balance-sheet date entity verifies its estimates connected with number of options expected to vest. The impact of the potential verification of initial estimates is recognized by the Group in the income statement, in correspondence with equity. The proceeds from the exercise of options (net of transaction costs directly related to the exercise) are recognized in share capital (at nominal value) and in supplementary capital, in share premium.

For share-based payment transactions in which the terms of the arrangement provide either the entity / the Company or the counterparty with the choice of whether the entity settles the transaction in cash or by issuing equity instruments, the entity / the Company shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

In 2014 the share-based payment plans (entire plan 2 and partially plan 3) were modified so that it may be settled in cash instead of shares. As a result the Company re-measures the liability at the date of change using the modification date fair value of the equity-settled award or the present value of the future cash outflows, based on the elapsed portion of the vesting period. This amount is recognised as a credit to liability and a debit to equity.

The subsequent measurement of the liability would follow the requirements for a cash-settled share-based payment.

The liability will subsequently be measured at its fair value at every balance sheet date and recognised to the extent the service vesting period passed. In addition, the entity must ensure that at least the original grant date fair value of the equity instruments is recognised as an expense (share-based payment expense cannot be minimises or reduced by simply adding a cash alternative to the scheme when share price drops subsequent to the grant date).

At the date of settlement, the entity shall remeasure the liability to its fair value. The actual settlement method selected by the employees, will dictate the accounting treatment:

- if cash settlement is chosen, the payment will reduce the entirely recognised liability; Any equity component previously recognised will remain within equity, but it could be reclassified to other components of equity;
- if the settlement is in shares, the balance of the liability is transferred to equity, being consideration for the shares granted. Any equity component previously recognised shall remain within equity.

(n) Trade and other payables

They are recognized initially at fair value and subsequently measured at amortized cost.

(o) Currency and exchange differences

Entity presented its annual separate financial statements in Polish zloty. Transactions denominated in foreign currencies are translated into the functional currency at the rate prevailing as at the transaction date. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Polish zloty at the rate prevailing as at that date. Foreign exchange differences arising as a result of translating the transactions denominated in foreign currencies into Polish zloty were recognized in the income statement, except incomes and losses concern hedging instrument, which constitutes effective hedge presented directly in other comprehensive income. Non-monetary assets and liabilities stated at historical cost and denominated in foreign currencies are translated using the exchange rate as of the transaction date.

(p) Income tax expense

The income tax shown in the income statement comprises the current and deferred portion. The current portion of the income tax includes tax calculated on the basis of the taxable income for the current period using the income tax rates which have been enacted or substantially enacted as at the balance sheet date, and adjustments of the income tax liability from prior years.

Income tax expense is recognized in the income statement, with the exception of transactions accounted for in equity, in respect of which the tax is also recognized directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arose in respect of the initial recognition of an asset or liability under a transaction other than a business combination which has no impact on the profit/loss for accounting or tax purposes, it is not recognized. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax is not recognized upon the initial recognition of goodwill.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(in PLN thousands unless stated otherwise)

Deferred income tax provisions are recognized on temporary differences arising on investments in subsidiaries and associates, unless the reversal of temporary differences is controlled by the Entity and it is improbable that in the foreseeable future the differences will be reversed.

2 Investments in subsidiaries

As at each balance sheet date the Company verifies the carrying amount of finance assets (investments in subsidiaries) to determine whether the assets do not show signs of impairment. Impairment on the investments in subsidiaries is recognized to the recoverable amount if the recoverable amount of these assets is lower than their book value. When book value of the investment is lower than net assets of the Company, Company prepare analysis to identify needs of adjustment valuation of the investments of subsidiaries.

Company evaluates external and internal factors which can influence financial results od subsidiaries (e.g. evaluation of execution planed budgets for the year).What is more Company evaluates micro- and macro-economic factors including currency fluctuations and cost of capital in the markets in which subsidiaries operates.

Impairment of the investments in subsidiaries is determined as the difference between the current present value of these assets from books at the valuation date and present value of expected future cash flows, discounted at the effective interest rate. For such measured value of future discounted cash flows, Company also carried out a sensitivity analysis of the impact of changes in the effective interest rate and currency fluctuations. The value of assets is updated only when the loss of value of the investment is permanent and irreversible in long term.

As at December 31, 2014, Company carried test for entities: AmRest HK Ltd., Blue Horizon Hospitality Group PTE Ltd., AmRest s.r.o. i AmRest EOOD. According to the assumptions mentioned above, Company did not carry test for AmRest Sp. z o.o.

	Chiny	Czechy Rok 2014	Bułgaria
Discount rate before tax	11,08%	6,89%	10,28%
Budgeted average EBITDA margin	15,00%	16,76%	9,96%
Expected long-term growth rate used for the calculation of planned future results	25,33%	13,23%	36,97%

Taking it into account in 2014, Company recognized impairment write-down of the investment in AmRest HK Ltd. in the amount of 21 201,22 TPLN.

If discount rates in period of 12 months ended December 31, 2014 were bigger/smaller by 3 percentage points, it would not result in recognition of additional impairment provision.

If EBITDA in period of 12 months ended December 31, 2014 were bigger/smaller by 3 percentage points, it would not result in recognition of additional impairment provision.

The discount rate adopted for the calculation is the average cost of capital before tax for the particular currencies. As at December 31, 2014 discount rate before tax was: for China 11,08%, for Czech 6,89% and for Bulgaria 10,28%.

The table below presents the number and value of the shares owned by the Company in its subsidiaries as at December 31, 2014 and as at December 31, 2013.

	December 31, 2014		December 31, 2013	
	Interest ownership	Value of Shares	Interest ownership	Value of Shares
AmRest Sp. z o.o. (Poland)[(a)]	100,00%	592 448	100,00%	584 351
AmRest s.r.o. (Czech Republik)	100,00%	33 573	100,00%	33 573
AmRest Acquisition Subsidiary (USA)	100,00%	146 954	100,00%	146 954
AmRest EOOD (Bulgaria)[(b)]	100,00%	14 388	100,00%	-
AmRest HK Limited (China) [(d)]	83,00%	-	82,00%	19 238
Blue Horizon Hospitality Group PTE Ltd. (Chiny)[(d)]	60,18%	86 579	56,60%	74 714
AmRest FSVC LLC (USA)[(e)]	100,00%	-	-	-
Total	**-**	**873 942**	**-**	**858 830**

(a) The value of shares in AmRest Sp. z o.o. was increased by capitalized costs of the share option plan (share options granted to the employees of the subsidiaries). The costs capitalized in the value of investments in subsidiaries amounted to 8 097 TPLN as at December 31, 2014.

(b) On March 11, 2014 Company passed a resolution of increase share capital in AmRest EOOD in amount

of TBGN 5 900.

On May 27, 2014 Company passed a resolution of increase share capital in AmRest EOOD in amount of TBGN 811,67.

(c) On October 20, 2014 Company passed a resolution of increase share capital in AmRest HK Ltd in amount of TUSD 600. The second shareholder, Stubbs Asia Limited, did not participate in increasing share capital as a result percentage engagement AmRest Holdings SE in share capital of AmRest HK Limited increased of 1% of shares. Resources in amount of TUSD 300 was transferred to AmRest HK Limited on October 20, 2014 and in amount of TUSD 150 on October 16, 2014. The remaining TUSD 150 have not been made available to AmRest HK Ltd. by the end of 2014.

As at December 31, 2014 Company set up impairment write-down in amount of TPLN 21 201,22.

(d) On June 13, 2014 Company passed a resolution of increase share capital in Blue Horizon Hospitality PTE LTD in amount of TUSD 3.915 which resulted additional 3,58% of shares.

(e) In November 2014, AmRest Holdings SE establish new entity in US, named AmRest FSVC LLC, to provide financial services to the Group.

(in PLN thousands unless stated otherwise)

3 Other financial assets

As at December 31, 2014 and December 31, 2013, the balances of other financial assets were as follows:

Other long-term financial assets	**December 31, 2014**	**December 31, 2013**
Loans given	232 500	242 500
Total of other long-term financial assets	**232 500**	**242 500**

Other short-term financial assets	**December 31, 2014**	**December 31, 2013**
Loans given	12 711	7 158
Trust fund	-	6 024
Total of other short-term financial assets	**12 711**	**13 182**

The Entity provided subsidiaries with the loans specified as below:

Borrower	- AmRest s.r.o.
Loan amount	- 20 500 thousands PLN
Interest rate	- WIBOR 3M + margin

The loan agreement was signed on December 16, 2013. In accordance with the agreement the interest will be calculated and paid on the quarter basis. The change of the compound interest rate will be executed on the first day of each quarter. The principal amount of the loan will be repaid till December 16, 2018.

Borrower	- AmRest Sp. z o.o.
Maximum loan amount	- 350 000 thousands PLN
Interest rate	- 3M WIBOR + margin

The loan agreement was signed on October 18, 2010. In accordance with the agreement the interest will be paid on the quarterly basis. The change of the compound interest rate will be executed on the first day of each quarter. The principal amount of the loan with all accrued interest will be repaid till September 30, 2016.

On May 19, 2014 TPLN 10 000 of principal amount of the loan was repaid.

Borrower	- AmRest HK Ltd.
Loan amount	- 1 000 thousands USD
Interest rate	- 3M LIBOR + margin

The loan agreement was signed on November 19, 2012. In accordance with the agreement the interest will be calculated on the quarterly basis. The change of the compound interest rate will be executed on the first day of each quarter.

By December 31, 2014 the principal amount of the loan with all accrued interest was not repaid.

(in PLN thousands unless stated otherwise)

Borrower	- AmRest HK Ltd.
Loan amount	- 210 thousands USD
Interest rate	- 3M LIBOR + margin

The loan agreement was signed on September 5, 2013. The change of the compound interest rate will be executed every three months.

By December 31, 2014 the principal amount of the loan with all accrued interest was not repaid.

Borrower	- Blue Horizon Hospitality Group PTE LTD
Loan amount	- 582 thousands USD
Interest rate	- fixed

The loan agreement was signed on December 5, 2013. In accordance with the agreement the interest will be calculated and paid on a quarterly basis til 25-th day of the last month of the quarter.

By December 31, 2014 the principal amount of the loan with all accrued interest was not repaid.

Borrower	- Blue Horizon Hospitality Group PTE LTD
Loan amount	- 556 thousands USD
Interest rate	- fixed

The loan agreement was signed on January 22, 2014. In accordance with the agreement the interest will be calculated and paid on a quarterly basis til 25-th day of the last month of the quarter. The principal amount of the loan will be repaid till January 22, 2015. At the day of this this statement, the repayment of the loan has not been made.

Borrower	- Blue Horizon Hospitality Group PTE LTD
Loan amount	- 1 084,93 thousands USD
Interest rate	- fixed

The loan agreement was signed on June 24, 2014. In accordance with the agreement the interest will be calculated and paid on a quarterly basis til 25-th day of the last month of the quarter. The principal amount of the loan will be repaid till June 24, 2015.

The Entity provided unrelated entity with the loan specified as below:

Borrower	- Gurman LLC
Loan amount	- 500 thousands USD
Interest rate	- fixed

The loan agreement was signed on May 24, 2013. The principal amount of the loan with all accrued interest will be repaid 6 months after receiving, that is till December 10, 2013. As at 10 December 2013 Company received interest accrued to this day. Repayment of the loan with interest took place as at 9 January 2014.

(in PLN thousands unless stated otherwise)

The table below presents the change of loan value during the twelve months period ended December 31, 2014:

As at January 1, 2014	**249 658**
Including:	
Short – term loans	**7 158**
Long – term loans	**242 500**
Change of loan value during the twelve months period ended December 31, 2014:	
Loans granted	4 995
Interest accrued	14 745
Loan repayment	(11 627)
Interest repayment	(14 819)
Exchange rate differences (financial income)	2 259
As at December 31, 2014	**245 211**
Including:	
Short – term loans	**12 711**
Long – term loans	**232 500**

Loans are not secured. The fair value of the loans presented above does not differ significantly from its carrying value.

4 Liabilities

Borrowings from related parties

As at January 1, 2014 and December 31, 2014 Company did not have borrowings from related parties.

Liabilities to third parties

On December 7, 2009 AmRest Holdings SE signed with RBS Bank (Polska) S.A. and Bank Pekao S.A. agreement for bonds issuance (“5years bonds”), on the basis of which was released option program for corporate bonds of AmRest, allowing to issue bonds in total maximum value of PLN 300 million, where bonds in the value of PLN 150 million were issued already. Agreement was signed for agreed period till July 9, 2015 with period extension options till repayment of all issued bonds.

On August 22, 2012 AmRest Holdings SE signed with RBS Bank (Polska) SA and Bank Pekao SA an agreement for bonds issuance (“5years bonds”), on the basis of which was released option program for corporate bonds of AmRest.

On June 18, 2013 bonds in the amount of PLN 140 million were issued under the new agreement. The issue is part of a plan to diversify financing sources of AmRest. Bonds are issued with variable interest rate 6M WIBOR increased by a margin and are due on June 30, 2018. Interest is paid on semi-annual basis (June 30 and December 30), beginning December 30 2013. Group is required to maintain certain financial ratios (net debt/EBITDA, equity/total assets, EBITDA/interest charge) at levels agreed in the Emission Terms dated June 18, 2013. There are no additional securities on the bond issue.

On September 10th 2014 AmRest made an early redemption of bonds for the total value of PLN 131,5m. At the same time, AmRest issued 14 000 bonds in the total nominal value of PLN 140m with maturity date September 10th 2019. The bonds have a variable interest rate of 6M WIBOR increased by margin. The interest is paid semi-annually (on June 30th and December 30th). Group is required to maintain certain financial ratios (net debt/EBITDA, equity/total assets, EBITDA/interest charge) at levels agreed in the Emission Terms dated September 10, 2014. There are no additional securities on the bond issue.

(in PLN thousands unless stated otherwise)

On December 30th AmRest made a redemption of bonds that reached maturity date on Dec 30th 2014 with the face value of PLN 18,5m. At the end of 2014 AmRest has two bond issues outstanding: PLN 140m with maturity date June 30th 2018 and PLN 140m maturing on Sept 10th 2019.

As at December 31, 2014 the payables concerning bonds issued are PLN 278.775 thousand.

The table below presents the change of borrowings value during the twelve months period ended December 31, 2014:

As at January 1, 2014	**289 636**
Including:	**150 410**
Short – term	
Long – term	**139 226**
Change of borrowing value during the twelve months period ended December 31, 2014:	
Issuing bonds	140 000
Issuing bonds – purchase	(150 000)
Issuing bonds costs	(638)
Fee for earlier purchase	(1 015)
Discount	16 639
Interest paid	(15 847)
As at December 31, 2014	**278 775**
Including:	
Short – term	**-**
Long – term	**278 775**

On September 10, 2013 a Credit Agreement („the Agreement") between AmRest, AmRest Sp. z o.o.(„AmRest Poland") and AmRest s.r.o. – jointly „the Borrowers" and Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Rabobank Polska S.A. (Currently BGŻ S.A.) and ING Bank Śląski Polska S.A. – jointly „the Lenders" was signed. AmRest Poland and AmRest Czech are 100% subsidiaries of AmRest.

Based on the Agreement the Lenders granted to the Borrowers a credit facility in the approximated amount of EUR 250 million. The facility shall be fully repaid by September 10, 2018 and is dedicated for repayment of the obligations under the credit agreement signed October 11, 2010 along with further annexes, financing development activities of AmRest and working capital management. The facility consists of four tranches: Tranche A, EUR 150 million, Tranche B, PLN 140 million, Tranche C, CZK 400 million and Tranche D granted as a revolving credit facility, PLN 200 million. All Borrowers bear joint liability for any obligations resulting from the Agreement. Additionally, the following members of the group are guarantors of the facility: OOO AmRest, AmRest TAG S.L., AmRestavia S.L., Restauravia Grupo Empresarial S.L., Restauravia Food S.L.U., Pastificio Service S.L.U, AmRest Finance Zrt and AmRest Capital Zrt. These entities secure Borrowers' repayment of borrowings until final repayment.

The loan is provided at a variable interest rate. AmRest is required to maintain liquidity ratios (net debt/EBITDA, equity/total assets, EBITDA/interest) at agreed levels. In particular net debt/EBITDA ratio is to be held at below 3.5 level and AmRest is required not to distribute dividend payments if the mentioned ratio exceeds 3.0.

(in PLN thousands unless stated otherwise)

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

5 Trade and other receivables

As at December 31, 2014 and December 31, 2013 Company has receivables of following characteristics:

Receivables descriptions	**December 31, 2014**	**December 31, 2013**
Receivables from related party – AmRest Sp. z o.o. cash pooling	3 117	63
Receivables from related party – AmRest s.r.o.	19	-
Receivables from related party – AmRest Sp. z o.o.	165	3 277
Receivables from related party – AmRest LLC	51	20
Receivables from related party – OOO AmRest	33	18
Receivables from related party – AmRest TAG	-	4
Receivables from related party – SCM Sp. z o.o.	119	-
Receivables from related party – AmRest HK Ltd	47	-
Receivables from related party – Frog King & Beverage	11	-
Receivables from related party employees	58	711
Tax receivables	889	-
Other receivables	469	-
Total of receivables	**4 978**	**4 093**

6 Employee benefits and share option plans

Long-term employee benefits dependent on their years in service

In accordance with the terms and conditions of the collective labour agreement, a specific group of employees is entitled to receive long-service bonuses depending on their years in service. The entitled employees receive a one-off amount of USD 300 after five years in service, and USD 1.000 after 10 years in service, translated in both cases into the currency of the given country. In year 2009 Group has added to this service benefit package jubilee gift for 15 years of work, which is equal to value of 100 AmRest Holdings SE shares. Due to unification of jubilee gift policy this system will be valid till the end of 2013. The change resulted in reversal of jubilee gift provision in amount PLN 285 thousands as at December 31, 2013.

Employee share option plan 1

The Plan was launched in 1999 as a cash-settled plan and covered the group of selected employees of the Group. Upon the Group's flotation on the GPW – on April 27, 2005 – the plan was modified to be share-based instead of cash-based. Additionally, all the obligations in respect of the plan were taken over by ARC). ARC assumed responsibility for the redemption of all the units (which could already be and which could not yet be exercised). The carrying amount of the liability as at that date of PLN 1.944 thousand was charged to capital. As at December 31, 2013 the Plan was fully settled.

(in PLN thousands unless stated otherwise)

Employee share option plan 2

In April 2005, the Group implemented another Employee Option Plan which is share-based, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Management Board, however, it may not exceed 3% of all the outstanding shares. Moreover, the number of shares purchased by employees through exercising options is limited to 200 000 per annum. In accordance with the provisions of the Plan, the Group, following approval by the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of awarding the option, and the vesting period will be 3 to 5 years. The Employee Option Plan was approved by the Company's Management Board and the General Shareholders' Meeting.

In January 2010, Supervisory Board of Company approved resolution confirming and systemizing total amount of shares for which may be issued options that will not exceed allowed 3% of shares in market.

In June 2011, Supervisory Board of Company approved and changed the prevoius note related to the number of shares purchased by employees through exercising options is limited to 100 000 per annum.

In November 2014, Supervisory Board of Company approved and changed wording of regulations by adding net cash settlement of option value. Change this resulted in equity settled reclass of employee options cash liability in value of PLN 19 174 thousands as at December 31, 2014.

Employee share option plan 3

In December, 2011, the Group implemented further Employee Option Plan which is share-based, thinking of its selected employees. The whole number of shares which are attributed to the options is determined by the Supervisory Board, however, it may not exceed 1 041 000 shares. In accordance with the provisions of the Plan, the Supervisory Board of Group, on request of the Management Board, is entitled to determine, apart from other issues, the employees authorized to participate in the Plan and the number of options granted and the dates for their granting. The option exercise price will be in principle equal to the market price of the Company's shares as at the date of preceding the day of awarding the option, and the vesting period will be 3 years. The option exercise price will increase by 11% each year. The Employee Option Plan was approved by the Company's Supervisory Board.

In November 14, 2014 were signed agreements with Management Board Members being part of this share option plan. This agreement provides minimal USD 6 million value of payment in case of reaching agreed financial strategic goals for years 2014-2016. Right to this payout is granted in three equal instalments after reaching goal for every year. Reaching goals for cumulative three years warrants full payout despite missing some of previous stage year goals. In case that as at December 31, 2016 closing price of AmRest shares is above PLN 142,- minimal payment is cancelled. In addition, selecting implementation options during the calculation of guaranteed payments for lost her right. If during the minimal payment vesting period any options are executed the liability is cancelled. As a consequence of this modification as at December 31, 2014 PLN 15.765 thousands of liabilities were reclassified from equity.

	31.12.2014	**31.12.2013**
Liability for Employee share option plan 2	19 174	-
Liability for Employee share option plan 3	15 765	-
	34 939	**-**

(in PLN thousands unless stated otherwise)

The terms and conditions for the share options awarded to employees are presented in the table below:

Award date	Number of share options awarded	Terms and conditions for exercising the options	Option exercise price in PLN	Options term to maturity period
Plan 1				
April 30, 1999	75.250	5 years, gradually, 20% per annum	6.4	10 years
April 30, 2000	53.750	5 years, gradually, 20% per annum	25.6	10 years
April 30, 2001	76.300	5 years, gradually, 20% per annum	25.6	10 years
April 30, 2002	74.600	5 years, gradually, 20% per annum	16.0	10 years
April 30, 2003	55.100	5 years, gradually, 20% per annum	16.0	10 years
April 30, 2004	77.800	5 years, gradually, 20% per annum	19.2	10 years
Total	412.800			
Plan 2				
30 April 2005	79.300	5 years, gradually, 20% per annum	24.0	10 years
30 April 2006	75.000	5 years, gradually, 20% per annum	48.4	10 years
30 April 2007	89.150	5 years, gradually, 20% per annum	96.5	10 years
30 April 2008	105.250	5 years, gradually, 20% per annum	86.0	10 years
12 June 2008	20.000	5 years, gradually, 20% per annum	72.5	10 years
22 August 2008	1.000	5 years, gradually, 20% per annum	65.4	10 years
30 April 2009	102.370	5 years, gradually, 20% per annum	47.6	10 years
10 May 2009	3.000	5 years, gradually, 20% per annum	73.0	10 years
30 April 2010	119.375	5 years, gradually, 20% per annum	70.0	10 years
30 April 2010	7.975	5 years, gradually, 20% per annum	70.0	10 years
20 June 2011	105.090	5 years, gradually, 20% per annum	78.0	10 years
5 September 2011	1.000	5 years, gradually, 20% per annum	70.6	10 years
30 April 2012	81.500	5 years, gradually, 20% per annum	70.0	10 years
30 April 2013	91.700	5 years, gradually, 20% per annum	81.0	10 years
30 April 2014	79.830	5 years, gradually, 20% per annum	81.0	10 years
Total	961.540			
Plan 3				
13 December 2011	616.000	3 years, gradually, 33% per annum	61.00	10 years
8 October 2012	259.000	3 years, gradually, 33% per annum	64.89	10 years
16 January 2014	215.000	3 years, gradually, 33% per annum	67.43	10 years
8 July 2014	50.000	3 years, gradually, 33% per annum	61.00	10 years
1 October 2014	90.000	3 years, gradually, 33% per annum	82.10	10 years
30 November 2014	30.000	3 years, gradually, 33% per annum	61.00	10 years
Total	1.260.000			

In the table below we present the number and weighted average of the exercise price of the options from all plans for the twelve-month period ended December 31, 2014 and 2013.

	Weighted average option exercise price	Number of options Plan 3	Number of options Plan 2	Number of options Plan 1	Weighted average option exercise price	Number of options Plan 3	Number of options Plan 2	Number of options Plan 1
	2014				2013			
At the beginning of the period	PLN 66.68	755 000	559 785	-	PLN 65.12	755 000	533 203	-
Utilized during the period	PLN 58.76	-	(24 974)	-	PLN 43.84	-	(38 418)	-
Redeemed during the	PLN 65.96	(110 000)	(70 135)	-	PLN 73.58	-	(26 700)	-

(in PLN thousands unless stated otherwise)

period								
Awarded during the period	PLN 67.89	385 000	79 830	-	PLN 81.00	-	91 700	-
At the end of the period	PLN 67.24	1 030 000	544 506	-	PLN 66.68	755 000	559 785	-
Available for exercising as at the end of the period	PLN 72.54	549 333	380 424	-	PLN 66.47	330 667	337 812	-

The fair value of the work performed in consideration for the options issued is measured using the fair value of the options awarded. The estimated fair value of the benefits is measured using the trinomial model and a model based on the Monte-Carlo method. One of the input data used in the above model is the term to maturity of the options (10 years). The possibility of early exercising of the option is taken into consideration in the trinomial model.

The fair value of the options as at the moment of awarding was determined on the basis of the following parameters:

Issued in period		Average fair value of option as at the date of award	Average price of share at the date of measurement/award	Average exercise price	Expected fluctuations of share prices (expressed as the weighted average fluctuation in share prices used in the trinomial	Expected term to maturity of the options (expressed as the weighted average period to maturity of the options used in the trinomial model)	Expected dividend (as of 2009)	Risk-free interest rate (based on Treasury bills)
from 1/1/2014 to 31/12/2014	Plan 3	PLN 26.73	PLN 64.65	PLN 64.65	36%	10 years	-	3.50%
from 1/1/2012 to 31/12/2012		PLN 22.57	PLN 61.00	PLN 61.0	38%	10 years	-	5.82%
from 1/1/2011 to 31/12/2011		PLN 25.35	PLN 73.95	PLN 64.89	37%	10 years	-	4.35%
from 1/1/2014 to 31/12/2014	Plan 2	PLN 50,87	PLN 81.82	PLN 81.00	36%	10 years	-	3.50%
from 1/1/2013 to 31/12/2013		PLN 41.34	PLN 81.00	PLN 81.00	34%	10 years	-	3.50%
from 1/1/2012 to 31/12/2012		PLN 39.62	PLN 70.00	PLN 70.00	37%	10 years	-	5.36%
from 1/1/2011 to 31/12/2011		PLN 45.97	PLN 78.00	PLN 78.00	37%	10 years	-	5.61%
from 1/1/2010 to 31/12/2010		PLN 42.61	PLN 70.00	PLN 70.00	40%	10 years	-	5.51%
from 1/1/2009 to 31/12/2009		PLN 27.38	PLN 48.32	PLN 48.32	41%	7.6 years	-	5.80%
from 1/1/2008 to 31/12/2008		PLN 29.81	PLN 83.8	PLN 83.8	37%	8.9 years	18.80%	5.80%
from 1/1/2007 to 31/12/2007		PLN 36.09	PLN 96.5	PLN 96.5	33%	9.9 years	18.80%	5.50%
from 1/1/2006 to 31/12/2006		PLN 15.5	PLN 48.3	PLN 48.3	31%	9.9 years	18.80%	4.98%
from 1/1/2005 to 31/12/2005		PLN 8.9	PLN 25.7	PLN 24.0	40%	9.9 years	18.80%	4.50%
till the end of 2004	Plan 1	PLN 6.8	n/a	PLN 18.6	40%	7.0 years	19.40%	4.50%
		PLN 6.6	n/a	PLN 18.6	40%	7.5 years	19.40%	5.80%

* In connection with the fact that before 2006 the Company was not listed on the GPW, the expected fluctuations in the prices of its shares for measuring awards from before 2006 were based on the historical fluctuations of share prices of comparable companies quoted on the

(in PLN thousands unless stated otherwise)

GPW (calculated on the basis of the weighted average time to maturity of the options), adjusted by all the expected changes in the future fluctuations of the share prices resulting from published information on the Company. Estimates for awards from 2006 were based on the actual fluctuations in the Company's quoted share prices. High actual fluctuation in share prices is the effect of a significant increase in the Company's share prices from their flotation.

Options are awarded after the terms and conditions relating to the period of employment have been met. The Plan does not provide for any additional market conditions on which the exercising of the options would depend except of plan 3 which assumes minimal annual growth rate.

The costs recognized in connection with the plans relating to share-based payments for the period of twelve months ending on December 31, 2014 and 2013 respectively are presented below:

	December 31, 2014	December 31, 2013
Value of employee services	8 098	7 624
	8 098	**7 624**

Apart from those specified above, there are no other liabilities in respect of employee benefits.

7 Equity

Share capital

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

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

As at December 31, 2014, the Company held 21 213 893 issued, fully paid-up shares. The Company's target capital is 500 000 shares. Nominal value of one share is 1 eurocent (0.01 euro).

Pursuant to the information available to the Company, as at the date of release of this annual report, that is March 18, 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:

Shareholders	Shares amount	Share in Equity%	Shares amount at AGM	Share at AGM%
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%
Other shareholders	5 377 103	25,34%	5 377 103	25,34%

* PTE PZU S.A. manages assets which include the funds of OFE PZU "Złota Jesień" and DFE PZU

Reserves

Structure of the reserved capital is as follows:

	December 31, 2014	December 31, 2013
Share premium	788 755	788 755
Employees share option plan	35 641	27 543
Change of employees share option scheme	(34 939)	-

(in PLN thousands unless stated otherwise)

Non-refundable capital deposit without additional share issue, made by shareholders of the Entity before entry on GPW	6 191	6 191
Functional currency translation	(31 219)	(31 219)
Own shares recognition	144	144
Distribution of retained earnings	19 436	-
Net result on treasury share transaction	(876)	-
Purchase of treasury shares	(3 788)	-
Total supplementary capital	**779 346**	**791 414**

Retained earnings

Retained Earnings of a Entity according to 16th resolution of Annual Shareholders Meeting dated June 10, 2011 includes also reserve fund in value of PLN 50,000 thousands for purchase of treasury shares only for share option redemption to every existing and future employee and managerial motivational stock option plans, including Management Board members of Group entities. In 2014 year (as it was disclosed in statement of changes in equity) were realized transaction on treasury shares for existing stock option plans (note 6) amounting PLN 876 thousand.

According to the 6th resolution of Annual Shareholders Meeting dated June 4, 2014 Company moved to supplementary capital profit for the year 2013 in amount of PLN 6 853 thousand, and 6th resolution of Annual Shareholders Meeting dated June 27, 2013 profit for the year 2012 in amount of PLN 12 584 thousand.

8 Cash and cash equivalents

	December, 31 2014	**December, 31 2013**
Cash at bank	1 963	36 703
Cash in hand	1	1
	1 964	**36 704**

Reconciliation of working capital changes as at December 31, 2014 and December 31, 2013 is presented in the table below:

2014	The balance sheet change	Liability under the SOP	Changes due to exercise of options	Liability under investment is subsidiaries	Unpaid invoices for intangible assets	Working capital changes
Change in receivables	4	-	(653)	-	-	(649)
Change in other assets	(50)	-	-	-	-	(50)
Change in payables and other liabilities	33 250	(34 939)	227	1 039	(35)	(458)

(in PLN thousands unless stated otherwise)

2013

	The balance sheet change	Receivables under the SOP	Changes due to exercise of options	Liability under investment is subsidiaries	Working capital changes
Change in receivables	(3 497)	712	-	-	(2 732)
Change in other assets	(26)	-	-	-	(26)
Change in payables and other liabilities	1 138	-	-	-	1 138

9 Finance income and expenses

	12 months ended December 31, 2014	12 months ended December 31, 2013
Interest income	15 430	13 167
Dividends received	-	19 237
Net exchange rate gains	2 269	-
Finance income, total	**17 699**	**32 404**
Interest expense	15 077	14 723
Other	1 589	10 504
Net exchange rate losses	-	628
Finance expenses, total	**16 666**	**25 855**

10 Income Tax

	12 months ended December 31, 2014	12 months ended December 31, 2013
Corporate income tax - current period	(576)	796
Change in deferred tax assets/liabilities	989	(1 302)
Income tax recognized in the income statement	**413**	**(506)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. After the offset, the following amounts are disclosed in the separate financial statements:

	December 31, 2014	December 31, 2013
Deferred tax asset to be recovered within 12 months	357	846
Deferred tax asset:	**357**	**846**

(in PLN thousands unless stated otherwise)

	December 31, 2014	December 31, 2013
Deferred tax liabilities to be used within 12 months	628	128
Deferred tax liabilities:	**628**	**128**

Temporary differences after the offset accounted for in the calculation of deferred tax relate to the following items:

	December 31, 2014	December 31, 2013
Intangible assets	(9)	-
Other financial assets	(383)	85
Other financial liabilities	(209)	(69)
Trade and other payables	39	39
Tax loss carried forwards	291	663
Deferred tax asset	**-**	**718**
Deferred tax liabilities	**271**	**-**

As at December 31, 2014, tax loss carried forward are as follows:

	December 31, 2014
Tax loss for period 2010	1 534
Tax losses in respect of which deferred tax assets were recognized	**1 534**

The amount of tax loss has changed compared to 2013 due to the correction of accrued interest on the loan in relation to the deduction of withholding tax.

11 Related party transaction

As at December 31, 2014 the Group of which the Company is a parent consisted of the following subsidiaries (direct and indirect):

Company name	Seat	Parent/non-controlling undertaking	Owner-ship 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.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U.	16.52%	April 2011
		AmRest TAG S.L.U.	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	83.00%	September 2011
		Stubbs Asia Limited	17.00%	

(in PLN thousands unless stated otherwise)

Company name	Seat	Parent/non-controlling undertaking	Ownership interest and total vote	Date of effective control
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 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 Coffee s.r.o.	Prague, Czech	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
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	Kennesaw, USA	AmRestavia S.L.U.	100.00%	June 2013
La Tagliatella - Crown Farm, LLC	Gaithersburg, USA	AmRestavia S.L.U.	100.00%	June 2013
La Tagliatella - Seneca Meadows, LLC	Gaithersburg, USA	AmRestavia S.L.U.	100.00%	June 2013
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.	Lleida, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Restaurantes S.L.U.	Lleida, Spain	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 Restaurant Management Co. Ltd	Shanghai, China	AmRest HK Ltd	100.00%	November 2012
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

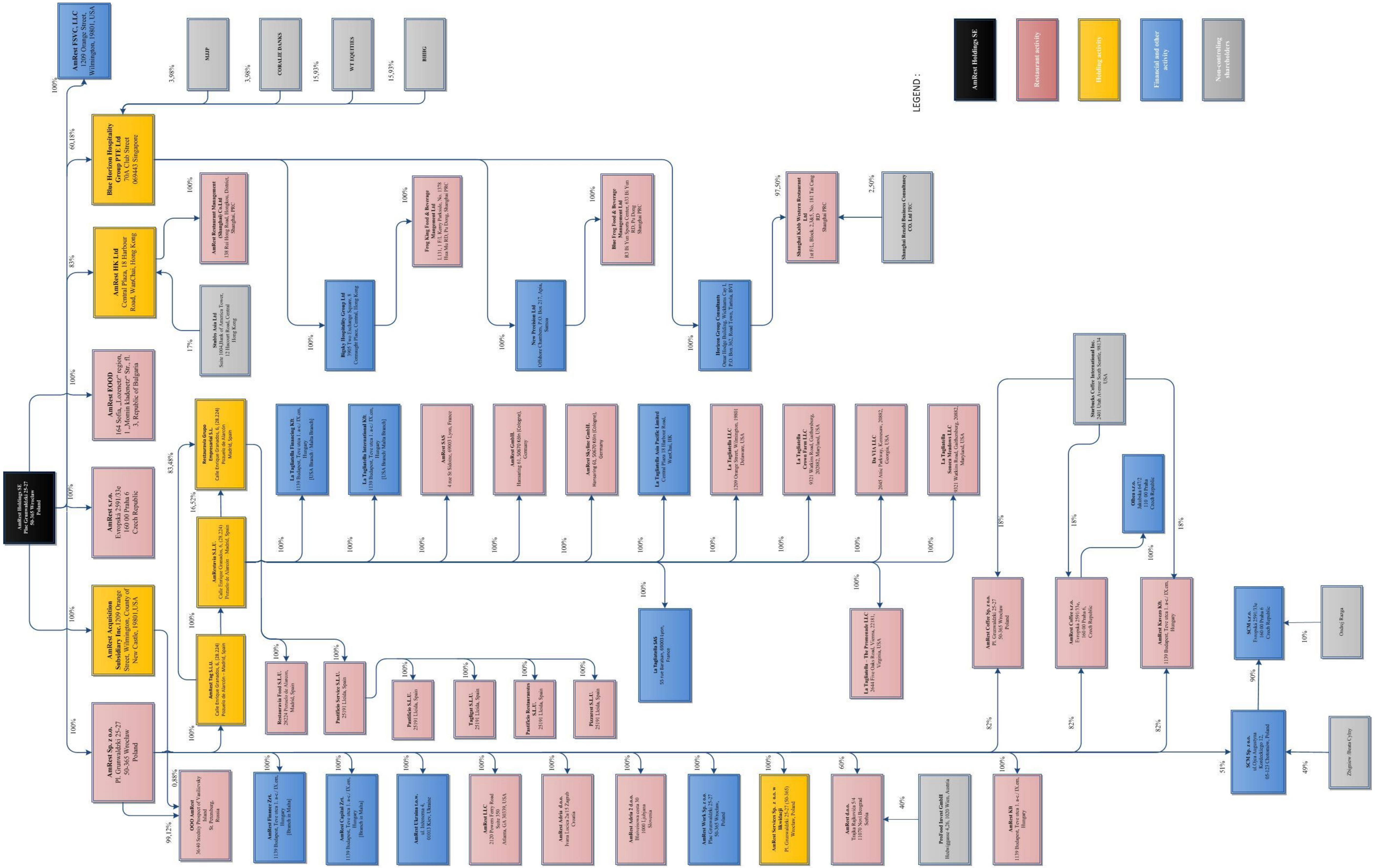
(in PLN thousands unless stated otherwise)

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
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
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)	97.50%	December 2012
		Shanghai Renzi Business Consultancy Co. Ltd	2.50%	
La Tagliatella – The Promenade, LLC	Virginia, USA	AmRestavia S.L.U.	100.00%	October 2013
AmRest Skyline GmbH	Cologne, 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
Olbea s.r.o.**	Prague, Czech	AmRest Cofee s.r.o.	100.00%	June 2013
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
AmRest FSVC, LLC	Delaware, USA	AmRest Holdings SE	100,00%	November 2014
Supply services for restaurants operated by the Group				
SCM Sp. z o.o.	Chotomow, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		Zbigniew Cylny	44.00%	
		Beata Szafarczyk-Cylny	5.00%	
Lack of business activity				
AmRest Ukraina t.o.w.	Kiev, Ukraine	AmRest Sp. z o.o.	100.00%	December 2005
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o	100.00%	March 2012

* On November 6, 2013 shareholders decided to liquidated this company.
** From January 1st, 2015 AmRest Coffee s.r.o. will merge with Olbea s.r.o.

AmRest Holdings SE

Notes to the Annual Separate Financial Statements
(in PLN thousands unless stated otherwise)



(in PLN thousands unless stated otherwise)

As at December 31, 2014 the Group posses the following associated entities included in the financial statements under the equity method:

Company name	Seat	Core business	Parent/ non-controlling undertaking	Owner-ship interest and total Group vote	Date of acquisition
SCM s.r.o.	Prague, Czech	Delivery services for restaurants provided to the Group	SCM Sp. z o.o.	45.90%	March 2007

At December 31, 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.

Related party transaction

Trade and other receivables from related entities	**December 31, 2014**	**December 31, 2013**
AmRest s.r.o.	19	-
AmRest Sp. z o.o.	3 282	3 340
SCM Sp. z o.o.	119	-
AmRest LLC	51	20
OOO AmRest	33	18
AmRest TAG S.L.	-	4
AmRest HK Ltd.	47	-
Frog King & Beverage	11	-
Related party employees.	58	711
	3 620	**4 093**

Loans granted to related entities	**December 31, 2014**	**December 31, 2013**
AmRest Sp. z o.o.	212 000	222 000
AmRest s.r.o.	20 500	20 591
AmRest HK Ltd.	4 597	3 795
Blue Horizon Hospitality Group PTE LTD.	8 114	1 757
	245 211	**248 143**

Trade and other payables to related entities

	December 31, 2014	**December 31, 2013**
AmRest Sp. z o.o.	1	12
AmRest HK Ltd.	526	1 506
AmRest LLC	90	5
La Tagliatella LLC	217	-
	834	**1 523**

(in PLN thousands unless stated otherwise)

Other operating income from related entities

	12 months ended December 31, 2014	12 months ended December 31, 2013
AmRest Sp. z o.o.	1 828	3 154
Frog King & Beverage	11	-
AmRest s.r.o.	100	56
AmRest TAG S.L.U.	-	55
AmRest LLC	31	11
OOO AmRest	33	18
AmRest KFT	1	5
AmRest Coffee Sp. z o.o.	73	7
AmRest EOOD	-	1
SCM Sp. z o.o.	119	2
AmRest Capital ZRT	-	2
AmRest Finance ZRT	-	17
AmRest Services Sp. z o.o. SKA.	-	5
AmRest GmbH.	-	1
Restauravia Grupo Empresarial	285	-
	2 481	**3 334**

Other operating cost from related entities

	12 months ended December 31, 2014	12 months ended December 31, 2013
AmRest HK Ltd. – write-off	21 201	-
	21 201	-

General and administrative expenses from related entities	12 months ended December 31, 2014	12 months ended December 31, 2013
AmRest Sp. z o.o.	33	53
AmRest Coffee Sp. z o.o.	1	1
AmRest s.r.o	1	-
Restauravia Grupo Empresarial	286	-
AmRest Kft	7	-
AmRest LLC	73	-
La Tagliatella LLC	274	-
	675	**54**

Financial income form related entities	12 months ended December 31, 2014	12 months ended December 31, 2013
AmRest Sp. z o.o. – interest	13 145	10 656
AmRest s.r.o. – interest	1 146	1 432
AmRest HK Ltd. – interest	161	143
AmRest s.r.o. – dividend	-	19 237
Blue Horizon Hospitality Group PTE LTD - interest	288	4
	16	**31 472**

(in PLN thousands unless stated otherwise)

Financial cost from related entities	**12 months ended December 31, 2014**	**12 months ended December 31, 2013**
AmRest Sp. z o.o. – interest	-	8
AmRest Capital ZRT. – interest	-	7
	-	**15**

Transactions with the management/ Management Board, Supervisory Board

Remuneration of the Management and Supervisory Board

	12 months ended December 31, 2014	**12 months ended December 31, 2013**
Remuneration of the Management and Supervisory Boards paid by the Company's subsidiaries	6 891	5 186
Total remuneration of the Management Board and Supervisory Board	**6 891**	**5 186**

On February 18, 2011 Wojciech Mroczyński signed sabbatical agreement with AmRest Sp. z o.o. According to the agreement, the remuneration for sabbatical leave period from March 1, 2011 to February 29, 2012 will be offset with bonus payable for first 3 years between 2012, 2013 and 2014. In the event of Wojciech Mroczyński voluntarily leaving the Company or being terminated for cause during the period between March 1, 2012 and February 28, 2018 he will reimburse the Company the unamortized portion of sabbatical remuneration net of income taxes and other statutory charges withheld from the remuneration received for the sabbatical period pro-rata based on the amortization period mentioned above, referred to as net sabbatical remuneration. Wojciech Mroczyński was re-appointed as a Management Board Member of the Company on March 31, 2012. As at December 31, 2014 the balance sabbatical remuneration was settled to zero as a result of the deduction of premium due 2014 year and was PLN 117 thousand net of PLN 239 thousand the output level PLN 410 thousand.

The Group's key employees also participate in an employee share option plan (see note 6). The investement relating to the employee option plan in respect of management amounted to PLN 5 332 thousand and PLN 3 029 thousand respectively in the 12 month period ended December 31, 2014 and 2013.

		For the 12 months ended December 31, 2014	**For the 12 months ended December 31, 2013**
Number of options awarded		760 750	650 750
Number of available options		555 317	126 417
Fair value of options as at the moment of awarding	PLN	18 896 200	15 887 751

As at December 31, 2014 and as at December 31, 2013 there were no liabilities to former employees.

(in PLN thousands unless stated otherwise)

12 Commitments and contingencies

The status of the guarantees offered by the Group as at December 31, 2014 is as follows:

	Guarantee site	Guarantee mechanism	Maximum amount
Warranty of the lease restaurant in USA	AmRest Holdings SE warrants AmRest LLC to MV Epicentre II LLC	Rent payment due, future charges to the end of the contract, incurred cost and accrued interest	Up to USD 615 thousand (PLN 2.157 thousand)
Warranty of the lease restaurant in USA	AmRest Holdings SE warrants AmRest LLC to GLL Perimeter Place, L.P.	Rent payment due, future charges to the end of the contract, incurred cost and accrued interest	According to the guarantee mechanism
Warranty of the lease restaurant in USA	AmRest Holdings SE warrants AmRest LLC to Towson Circle Holdings, LLC	Rent payment due, future charges to the end of the contract, incurred cost and accrued interest	According to the guarantee mechanism
Warranty of the lease restaurant in Germany	AmRest Holdings SE warrants AmRest GmbH to Berliner Immobilien Gesellschaft GbR	Rent payment due, future charges to the end of the contract, incurred cost and accrued interest	According to the guarantee mechanism

With respect to the three above agreements in USA negotiations with the owners are in progress.

13 Financial instruments

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

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

Credit risk

Financial instruments that are exposed to the credit risk include cash and cash equivalents, receivables and loans. The Company invests cash and cash equivalents in highly reliable financial institutions. There is no significant concentration of credit risk in respect of trade and other receivables due to their level as at balance sheet date. As at December 31, 2014 maximum amount exposed to credit risk was 250 269 TPLN and consist of the intercompany receivables from loan granted to related party (note 3).

Interest rate risk

The loan granted to the subsidiary (Note 3) was based on a floating interest rate. As at December 31, 2014, the Company did not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results. The fair value of that instruments, does not differ significantly from its carrying value.

Foreign currency risk

The Company is exposed to the foreign currency risk mainly due to the receivables and payables valuation denominated in currencies other than functional currency of the Company. The exposure to foreign currency cash flow risk is not hedged as there is no impact on cash flows.

Liquidity risk

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

(in PLN thousands unless stated otherwise)

For the purpose of financing of investment activities of the Group, the Company issued bonds (Note 4) for the amount of PLN 280 million. Details of this bonds is presented in note 4.

Capital risk

The Entity manages capital risk to protect its ability to continue in operation, so as to enable it to realize returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost. Financing at the level of 3,5 of yearly EBITDA is treated as acceptable target and safe level of capital risk.

The Entity monitors capital using the gearing ratio. The ratio is calculated as net debt to the value of EBITDA. Net debt is calculated as the sum of borrowings (comprising loans and advances, and finance lease liabilities) net of cash and cash equivalents. EBITDA is calculated as the profit from operations before interest, taxes, depreciation and amortization and impairment.

The gearing ratios at December 31, 2014 and December 31, 2013 were as follows:

	December 31, 2014	December 31, 2013
Bonds obligations and other liabilities	315 588	292 927
Less: cash and cash equivalent	(1 964)	(36 704)
Net debt	313 624	256 223
Total equity	811 172	863 593
Capital involved	1 124 796	1 119 816
Gearing ratio	**28%**	**23%**

Recent volatility in global and country financial markets

Management is unable to reliably estimate the effects on the Company's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

14 Earnings per share

The basic and diluted earnings per ordinary share for the 12 months period of 2014 and 2013 was calculated as follows:

	12 months ended December 31, 2014	12 months ended December 31, 2013
Profit for the period	(20 915)	6 853
Weighted average number of ordinary shares in issue	21 213 893	21 213 893
Impact of share options awarded in 2005	-	11 293
Impact of share options awarded in 2006	-	9 346
Impact of share options awarded in 2007	-	-
Impact of share options awarded in 2008	-	6 044
Impact of share options awarded in 2009	-	29 604
Impact of share options awarded in 2010	-	16 999
Impact of share options awarded in 2011	-	174 833
Impact of share options awarded in 2012	-	80 308

(in PLN thousands unless stated otherwise)

Impact of share options awarded in 2013	-	979
Impact of share options awarded in 2014	-	-
Weighted average number of ordinary shares in issue	21 213 893	21 543 299
Profit per ordinary share		
Basic earnings per ordinary share	(0,99)	0,32
Diluted earnings per ordinary share	(0,99)	0,32

On December 1st, 2014 , expired possibility fo AmRest Holdings SE Exec to make capital increases to the amount of EUR 5 thousand the authorized capital (in accordance with paragraph 4.1 of the Articles of Association of the Company) . This law was given the resolutions of the AGM of shareholders No. 13 of June 10 th 2011. As at December 31 st 2014 , the Company is not possible potential issuance of shares for the clearance of the stock option schemes. Settlement of share option plans can be made in the form of shares or cash.

15 Collateral on borrowings

The loans incurred by the Company do not account for collateral set up on fixed assets and other assets owned by the Company. The Borrowers (AmRest Holding SE, AmRest Sp. z o.o. and AmRest s.r.o.) are jointly and severally responsible for paying the liabilities resulting from credit agreements. Additionally, Group companies – OOO AmRest, AmRest TAG S.L.U., AmRestavia S.L.U., Restauravia Grupo Empresarial S.L., Restauravia Food S.L.U., Pastificio Service S.L.U., AmRest Finance Zrt and AmRest Capital Zrt – granted guarantees to the financing banks. These companies guarantee that the Borrowers will discharge their obligations following from the credit agreement until the loan is repaid, i.e. September 10th, 2018.

16 Events after the balance sheet date

On March 4, 2015 was signed a Share Purchase Agreement between AmRest Sp. with o.o and Marinopoulos Coffee SEE BV . The Agreement provides for the acquisition by AmRest 100 % stake in SC Marinopoulos Coffee Company III S.r.l. ("MCC Romania ") and Marinopoulos Coffee Company Bulgaria EOOD ("MCC Bulgaria ") for a total price of approx. 16 million. The final sale price will be determined at the date of completion of the transaction . MCC MCC Romania and Bulgaria are the only operators of Starbucks stores in Romania and Bulgaria. Currently manages 19 restaurants selling this brand - 14 in Romania and 5 in Bulgaria.

In the period January - February 2015, the company closed its operations last three own restaurant market in North America.

On March 13, 2015 AmRest Holdings SE informed, that due to the expiry in this calendar year of Mr. Wojciech Mroczyński three-year term as AmRest's Management Board Member, the Supervisory Board of AmRest adopted on March 12th, 2015 a resolution on reappointing Mr. Mroczyński to hold the position of the Company's Management Board Member. The resolution became effective upon its adoption.