**AmRest Holdings SE**

**Annual Separate Financial Statements as at and for the twelve months ended December 31st, 2013**

**Contents:**



| | | |
|---|---|---|
| **Drew O'Malley**<br>**AmRest Holdings SE** | **Mark Chandler**<br>**AmRest Holdings SE** | **Wojciech Mroczyński**<br>**AmRest Holdings SE** |
| **Board Member** | **Board Member** | **Board Member** |

Wrocław, March 14th, 2014

### Annual Separate Income Statement for the 12 months ended December 31, 2013

| *In thousands of Polish Zloty* | **Note** | **12 months ended December 31, 2013** | **12 months ended December 31, 2012** |
|---|---|---|---|
| General and administrative expenses (G&A) | | (3 361) | (2 118) |
| Other operating income | | 3 159 | 441 |
| Finance income | 9 | 32 404 | 29 622 |
| Finance cost | 9 | (25 855) | (14 733) |
| **Profit before tax** | | **6 347** | **13 212** |
| Income tax expense | 10 | 506 | (628) |
| **Profit for the period** | | **6 853** | **12 584** |
| **Basic profit per share in Polish zloty** | 14 | 0,32 | 0,59 |
| **Diluted profit per share in Polish zloty** | 14 | 0,32 | 0,59 |

*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, 2013

| *In thousands of Polish Zloty* | **12 months ended December 31, 2013** | **12 months ended December 31, 2012** |
|---|---|---|
| **Profit for the period** | **6 853** | **12 584** |
| **Other comprehensive income** | - | - |
| **Other comprehensive income for the period, net of tax** | - | - |
| **Total comprehensive income for the period** | **6 853** | **12 584** |

*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, 2013

| *In thousands of Polish Zloty* | Note | December 31, 2013 | December 31, 2012 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | | 19 | - |
| Other intangible assets | | 444 | - |
| Investment in associates | 2 | 858 830 | 831 091 |
| Other non-current assets | 3 | 242 500 | 6 199 |
| Deferred tax assets | 10 | 718 | - |
| **Total non-current assets** | | **1 102 511** | **837 290** |
| Trade and other receivables | 5 | 4 093 | 1 474 |
| Other current assets | | 30 | 4 |
| Other financial assets | 3 | 13 182 | 156 151 |
| Cash and cash equivalents | 8 | 36 704 | 12 433 |
| **Total current assets** | | **54 009** | **170 062** |
| **Total assets** | | **1 156 520** | **1 007 352** |
| **Equity** | | | |
| Share capital | | 714 | 714 |
| Reserves | 7 | 791 414 | 783 790 |
| Retained Earnings | 7 | 71 464 | 66 944 |
| **Total Equity attributable to shareholders of the parent** | | **863 592** | **851 448** |
| **Liabilities** | | | |
| Deferred tax liabilities | 10 | - | 584 |
| Interest-bearing loans and borrowings | 4 | - | 4 467 |
| Non-current bonds liabilities | 4 | 139 226 | 149 497 |
| **Total non-current liabilities** | | **139 226** | **154 548** |
| Interest-bearing loans and borrowings | 4 | 150 410 | - |
| Trade and other payables | | 3 291 | 1 356 |
| **Total current liabilities** | | **153 701** | **1 356** |
| **Total liabilities** | | **292 927** | **155 904** |
| **Total equity and liabilities** | | **1 156 520** | **1 007 352** |

*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, 2013

| *In thousands of Polish Zloty* | 12 months ended December 31, 2013 | 12 months ended December 31, 2012* |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax | 6 347 | 13 212 |
| Adjustments for: | | |
| Interest, net | (17 536) | (16 135) |
| Unrealized foreign exchange differences | 483 | 666 |
| Change in receivables | (2 732) | (223) |
| Change in other current assets | (26) | 4 |
| Change in payables and other liabilities | 1 138 | 1 070 |
| Income taxes paid | 1 008 | (403) |
| Interest paid | (14 521) | (12 864) |
| Interest received | 21 599 | 17 663 |
| Dividends received from subsidiaries | 19 237 | 10 098 |
| Other | 10 265 | - |
| **Net cash provided by operating activities** | **25 262** | **13 088** |
| | | |
| **Cash flows from investing activities** | | |
| Proceeds from the settlement of the purchase of subsidiaries | 1 553 | - |
| Proceeds from repayment of loan given | 31 493 | 88 242 |
| Expense on loans given | (140 082) | (3 250) |
| Acquisition of subsidiaries, net of cash acquired | (31 933) | (71 199) |
| Acquisition of property, plant and equipment | (462) | - |
| **Net cash used in investing activities** | **(139 431)** | **13 793** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from share issuance (employees options) | 1 438 | 442 |
| Expense on acquisition of own shares (employees option) | (4 482) | (1 014) |
| Proceeds from bonds issuance | 139 150 | - |
| Proceeds from loans received | - | 23 708 |
| Repayment of loans and borrowings | (3 913) | (42 107) |
| Proceeds from cash-pooling | - | 80 |
| Expense on cash-pooling | (53) | - |
| Expense on short and long-term deposits | - | (12 600) |
| Proceeds from short and long-term deposits | 6 300 | - |
| **Net cash provided by/(used in) financing activities** | **138 440** | **(31 491)** |
| | | |
| **Net change in cash and cash equivalents** | **24 271** | **(4 610)** |
| **Balance sheet in cash and cash equivalents** | **24 271** | **(4 610)** |
| | | |
| **Cash and cash equivalents, beginning of period** | **12 433** | **17 043** |
| **Cash and cash equivalents, end of period** | **36 704** | **12 433** |

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

**There has been a change in presentation of dividends and interest, which were transferred to the operating activities, hence change in relation to published annual separate financial statements for the twelve months ended 2012 took place.*

## Annual Separate Statement of Changes in Equity for the 12 months ended December 31, 2013

| | Issued capital | Reserves | Retained Earnings | **Total Equity** |
|---|---|---|---|---|
| **As at January 1, 2012** | **714** | **776 182** | **56 742** | **833 638** |
| **Comprehensive Income** | | | | |
| Profit for the period | - | - | 12 584 | **12 584** |
| **Total Comprehensive Income** | **-** | **-** | **12 584** | **12 584** |
| **Transactions with shareholders** | | | | |
| Employees share option scheme – value of employee services | - | 5 668 | - | **5 668** |
| Employees share option scheme – value of realized options | | - | (442) | **(442)** |
| Issuance of shares | - | 1 940 | (1 940) | **-** |
| **Total of transactions with shareholders** | **-** | **7 608** | **(2 382)** | **5 226** |
| **As at December 31, 2012** | **714** | **783 790** | **66 944** | **851 448** |
| | | | | |
| **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** |
| Acquisition of own shares | | - | (2 106) | **(2 106)** |
| Distribution of retained earnings | - | - | (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** |

*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.

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, 2013, WP Holdings VII B.V. was the largest shareholder of AmRest and held 32.99% of its shares and voting rights.

These financial statements were authorized by the Management Board on March 14, 2014.

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

These annual 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, 2013. As at December 31, 2013, there are no discrepancies between the accounting policies adopted by the Entity and the standards referred to above. The accounting policies which have been applied in the preparation of the annual financial statements comply with those used in preparing the annual separate financial statements for the year ended December 31 2012, with the exception of the new standards binding as of 1 January 2013.

<u>New and changed standards adopted by the Entity:</u>

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2013:

- IFRS 13 "Fair Value Measurement" – Company has added required by standard disclosures in annual condensed financial statements.

- Assets value - ammendments to IAS 12 - Company has applied the amendment from January 1st, 2013. The amendment has no material effect on annual separate financial statements of the Company.

- Presentation of comprehensive income statement – ammendments to IAS 1 – Company has included required by standard changes in presentation of comprehensive income statement items in below annual separate financial statements.

- Ammendments to IAS 19 "Employee benefits" – Company applied change from January 1st, 2013. Management estimated the effect on annual separate financial statements. Due to the fact that, value of employee benefits, which were subject of the changes is immaterial from the perspective of annual separate financial statements Company withdrew from restrospective adjustments

- Disclosures – netting of assets and financial liabilities – ammendments to IFRS 7 – Company applied change from January 1st 2013, change has no material effect on annual separate financial statements.

- Ammendments to IFRS 2009-2011 – Company applied ammendments since January 1st, 2013. Amendmends have no material effect on annual separate financial statements.

Above mentioned amendments to standards and interpretations were approved for use by the European Commission before issuance of this financial statements. The Management Board believes that the changes and improvements will not have a material effect on the Company's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Entity

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

In this financial statements Entity has not decided for early adoption of following standards and interpretations that are not yet effective:

- IFRS 9 „Financial Instruments Part 1: classification and measurement"

  IFRS 9 Financial Instruments was published by IASB on November 12, 2009 and replaces those parts of IAS 39 that cover classification and measurement of financial assets. In October 2010 IFRS 9 was amended for classification and valuation of financial liabilities. New standard is applicable for annual periods starting January 1, 2013 or later. Standard introduces one model providing only two classification categories for financial assets: amortized cost and fair value. Classification is made on initial recognition and depends on applied by entity model for managing financial instruments and characteristic of agreed cash flows for given instruments. Most of IAS 39 requirements regarding classification and measurement of financial liabilities were moved to IFRS 9 in unchanged form. Key amendment is imposition on entities requirement for presentation in comprehensive income effects of changes in own credit risk from financial liabilities indicated to be valued in fair value through income statement.

  Company will apply amendment to IFRS 9 beginning on January 1, 2015. Management Board is during verification of above amendments influence on financial statements. As at the date of this financial statement issuance, IFRS 9 has not been approved by the European Union.

- IFRS 10, „Consolidated Financial Statements"

  IFRS 10 "Consolidated Financial Statements" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2014 or later. New standard replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC-12 "Consolidation - special purpose entities". IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance.

  Company will apply amendment to IFRS 10 beginning on January 1, 2014. Management Board is during verification of above amendments influence on financial statements.

- IFRS 11, „Joint Arrangements"

  IFRS 11 „Joint Arrangements" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2014 or later. New standard replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-Monetary Contributions by Ventures".
  Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures.

Company will apply amendment to IFRS 11 beginning on January 1, 2014. Management Board is during verification of above amendments influence on financial statements.

- IFRS 12, „Disclosure of Interest in Other Entities"

  IFRS 12 „Disclosure of Interest in Other Entities" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2014 or later. New standard applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It replaces the disclosure requirements currently found in IAS 28 "Investments in associates". IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities.

  Company will apply amendment to IFRS 12 beginning on January 1, 2014. Management Board is during verification of above amendments influence on financial statements.

- Revised IAS 27, „Separate Financial Statements"

  Revised IAS 27, "Separate Financial Statements" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2014 or later. IAS 27 was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements.

  Company will apply amendment to revised IFRS 27 beginning on January 1, 2014. Management Board is during verification of above amendments influence on financial statements.

- Revised IAS 28, „Investments in Associates and Joint Ventures"

  Revised IAS 28, „Investments in Associates and Joint Ventures" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2014 or later. The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged.

  Company will apply amendment to revised IFRS 28 beginning on January 1, 2014. Management Board is during verification of above amendments influence on financial statements.

- „Offsetting Financial Assets and Financial Liabilities" - Amendments to IAS 32

  Amendments to IAS 32 „Offsetting Financial Assets and Financial Liabilities" were published by the International Accounting Standards Board in December 2011 and are effective for the annual periods beginning January 1, 2014 or later. The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.

  Company will apply amendments to IAS 32 beginning on January 1, 2014. Management Board is during verification of above amendments influence on financial statements.

- Amendments to IFRS 10, IFRS 11 and IFRS 12

  Amendments to IFRS 10, IFRS 11 and IFRS 12 were issued by the International Accounting Standards Board in June 2012 and are effective for annual periods beginning on or after 1 January 2014 or ealier - if the underlying standards (IFRSs 10, 11 and 12) are early-adopted. The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12 by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied.

  Company will apply Amendments to IFRS 10, IFRS 11 and IFRS 12 beginning on January 1, 2014. Management Board is during verification of the above amendments influence on financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 27 “Investment entities”

  Amendments to IFRS 10, IFRS 12 and IAS 27 were issued by the International Accounting Standards Board on 31 October 2012 and are effective for annual periods beginning on or after 1 January 2014. The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity will be required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary.

  Company will apply Amendments to IFRS 10, IFRS 12 and IAS 27 not earlier than on January 1, 2014. Management Board is during verification of the above amendments influence on financial statements.
  As at the date of this financial statement issuance,

- IFRIC 21 „Taxes and Levies” - was issued by the International Accounting Standards Board in May 2013 and is effective for annual periods beginning on or after 1 January 2014. The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional.

  Company will apply amendment to IFRIC 21 beginning on January 1, 2014. Management Board is during verification of the above amendments influence on financial statements. As at the date of this financial statement issuance, IFRIC 21 has not been approved by the European Union.

- Recoverable amount disclosures for non-financial assets – Amendments to IAS 36 - „Impairment” concerning disclose the recoverable amount was issued by the International Accounting Standards Board in May 2013 and is effective for annual periods beginning on or after 1 January 2014. The amendments remove the requirement to disclose of the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period).

Company will apply amendment to IAS 36 beginning on January 1, 2014. The Management Board is during verification of the above amendments influence on financial statements.

- Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 - „Financial instruments" concerning hegde accounting were issued by the International Accounting Standards Board in June 2013 and is effective for annual periods beginning on or after 1 January 2014. The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

  Company will apply amendment to IAS 39 beginning on January 1, 2014. Management Board is during verification of the above amendments influence on financial statements.

- Defined benefit plans: Employee contributions – Amendments to IAS 19 - Amendments to IAS 19 „Employee contributions" was issued by the International Accounting Standards Board in November 2013 and effective for annual periods beginning on or after 1 January 2014. The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service.

  Company will apply amendment to IAS 19 beginning on January 1, 2015. Management Board is during verification of the above amendments influence on financial statements, Amendments to IAS 19 has not been approved by the European Union.

- Improvements to IFRSs 2010-2012 - were issued by the International Accounting Standards Board in December 2013 "Annual Improvements to IFRSs 2010-2012". The improvements consist of changes to seven standards. The improvements contain changes in presentation, recognition and valuation and terminology and edition changes. The amendments are effective for annual periods beginning on or after 1 July 2014.

  Company will apply amendment to IFRSs beginning on January 1, 2015. Management Board is during verification of the above amendments influence on financial statements, Improvements to IFRSs has not been approved by the European Union.

- Improvements to IFRSs 2011-2013 - were issued by the International Accounting Standards Board in December 2013 "Annual Improvements to IFRSs 2011-2013". The improvements consist of changes to four standards. The improvements contain changes in presentation, recognition and valuation and terminology and edition changes. The amendments are effective for annual periods beginning on or after 1 July 2014.

  Company will apply amendment to IFRSs beginning on January 1, 2015. Management Board is during verification of the above amendments influence on financial statements, Improvements to IFRSs has not been approved by the European Union.

### (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: loan and bonds liabilities and commitments and contingencies, and significant post balance sheet events after December 31, 2013.

Annual separate financial statements for the period of 12 months ended December 31, 2013 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.

As at 31 December 2013 Company owned only assets under construction.

### (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.

As at 31 December 2013 intangible assets have not been adopted for use yet.

**(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.

### (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 the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the 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.

### (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.

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.

**(in PLN thousands unless stated otherwise)**

## 2 Investments in subsidiaries

As at December 31, 2013, the Company conducted impairment tests with respect to the investments in subsidiaries.

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 discount rate adopted for the calculation is the average cost of capital before tax for the particular currencies. As at December 31, 2013 discount rate before tax was: for Poland 11,95%, for Hungary 13,63%, for China 12,55%, for Russia 16,42%, for Czech 8,38% and for Bulgaria 10,22%.

The table below presents the number and value of the shares owned by the Company in its subsidiaries as at December 31, 2013 and as at December 31, 2012.

| | **December 31, 2013** | | **December 31, 2012** | |
|---|---|---|---|---|
| | Interest ownership | Value of Shares | Interest ownership | Value of Shares |
| AmRest Sp. z o.o. (Poland)[(a)] | 100,00% | 584 351 | 100,00% | 219 683 |
| AmRest s.r.o. (Czech Republik) | 100,00% | 33 573 | 100,00% | 33 573 |
| AmRest Acquisition Subsidiary (USA) [(b)] | 100,00% | 146 954 | 100,00% | 146 954 |
| AmRest Finance ZRT (Hungary)[(c)] | - | - | 99,96% | 357 044 |
| AmRest Finance S.L. (Spain) [(d)] | - | - | 100,00% | 13 |
| AmRest EOOD (Bulgaria)[(e)] | 100,00% | - | 100,00% | 2 000 |
| AmRest HK Limited (China)[(f)] | 82,00% | 19 238 | 65,00% | 10 386 |
| Blue Horizon Hospitality Group PTE Ltd. (Chiny)[(g)] | 56,60% | 74 714 | 51,20% | 61 438 |
| **Total** | **-** | **858 830** | **-** | **831 091** |

**(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 7 624 TPLN as at December 31, 2013.

On March 25$^{th}$, 2013 resolution to increase the share capital of AmRest Sp. z o. o. was taken. AmRest Holdings SE made a contribution to AmRest Sp. z o.o. of 99.96% shares in AmRest Finance ZRT with seat in Budapest, Hungary, it is 11 683 shares of AmRest Finance ZRT. a total value of PLN 525 735 thousand. The share capital of AmRest Sp. z o.

o. was increased from PLN 124 015 thousand to PLN 649 750 thousand. The share capital increase was made by issuance of new shares AmRest Sp. z o.o. a total of 525 735 with a nominal value of PLN 1 thousand each share, with a total nominal value of PLN 525 735 thousand, which were covered by AmRest Holdings SE.

**(b)** On May 15, 2007 AmRest Acquisition Subsidiary LLC was created to acquire Russian company OOO AmRest (formely OOO Pizza Hut Nord)

**(c)** On November 23, 2012 transfer of ownership of 76,27% stakes in AmRest TAG S.L. from AmRest Holdings SE to AmRest Sp. z o.o., a 100% subsidiary, was made. AmRest TAG Shares were contributed in-kind by AmRest Holdings to AmRest Finance ZRT, an entity fully controlled by AmRest Sp. z o.o., for taking up new shares in AmRest Finance ZRT (change of the shareholder was registered on January 8, 2013 by the court proper for AmRest Finance ZRT). Then, on the same day, AmRest Finance ZRT sold shares in w AmRest TAG to AmRest Sp. z o.o..

According to terms of the agreement AmRest owed "Call Option" to purchase total or part of shares from non-controlling interest shareholders. AmRest had the right to realize Call option after 3 and to 6 years from the date of finalizing the agreement on May 1st and December 1st each year within this period. Non-controlling shareholders had the right to "Put Option" to sell total or part of shares. Put option could have been realized after 3 and to 6 years from the date of finalizing the agreement. Additionally the Put Option could have been exercised at any time in the following cases: death of Mr. Steven Kent Wineger, formal initiation of the listing process of AmRest TAG's shares on a security exchange, AmRest's stock market price per share falls below 65 PLN. The price of both options was equal 8,2 times of the EBITDA value for last 12 months, adjusted by net debt value on the day of option realization. AmRest Holdings SE (with AmRest Sp. z o.o.) was jointly and severally responsible for discharging the obligations resulting from purchase agreement.

In the period from June 24th to 28th, 2013 settlement set by agreement of put option was confirmed,. According to this agreement non-controlling interests of AmRest TAG Group were acquired by AmRest. As a result of this agreement AmRest Sp. z o.o. became the holder of 100% of AmRest TAG SL shares.

AmRest Holdings SE remain jointly and severally liable for all obligations arising from the share purchase agreement.

**(d)** On July 11, 2013 a resolution to liquidate AmRest Finance SL was passed. According to Spanish low liquidation was effective on the date of August 1, 2013.

**(e)** On June 4, 2013 Company passed a resolution of increase share capital in AmRest EOOD in amount of BGN 350 thousand.

As at December 31, 2013 Company set up impairment write-down of all shares.

**(f)** On February 21, 2013Company passed a resolution of increase share capital in AmRest HK Limited in amount of USD 250 thousand (781 TPLN). Funds have been made available to the company on January 30, 2013.

On February 21, 2013Company passed a another resolution of increase share capital in AmRest HK Limited in amount of USD 3 450 thousand. Funds have been made available to the company on: February 19, 2013 USD 1 000 thousand (3 141 TPLN), April 23, 2013 USD 1 450 thousand (4 560 TPLN), July 18, 2013 USD 1 000 thousand (3 241 TPLN).

On November 21, 2013Company passed a resolution of increase share capital in AmRest HK Limited in amount of USD 1 500 thousand (4 630 TPLN).

The second shareholder, Stubbs Asia Limited, did not participate in increasing share capital dated February 21, 2013 (amount USD 3 450 thousand) and November 21, 2013, as a result percentage engagement AmRest Holdings SE in share capital of AmRest HK Limited increased to 82%.

As at December 31, 2013 Company set up impairment write-down in amount of PLN 7 500 thousand.

**(in PLN thousands unless stated otherwise)**

**(g)** On December 21, 2012 AmRest Holdings SE acquired 51,2% share in Group Blue Horizon Hospitality PTE LTD. The transaction value was PLN 61.438 thousand (USD 20 million) and consisted of payment for 50% shares (19 million USD) and direct share increase (1 million USD) giving additional 1,2% of shares. Transaction was based on agreement signed December 14, 2012. February 19, 2013 AmRest Holdings SE entered into an agreement with the seller confirming the purchase price adjustment (decrease) by the amount of 501 287 dollars (1.553 thousands PLN). The Entity received money transfer on February 5-7, 2013.

On July 31, 2013Company passed a resolution of increase share capital in Blue Horizon Hospitality Group PTE LTD in amount of USD 1 000 thousand (3 177 TPLN). Funds have been made available to the company on August 6, 2013.

On September 16, 2013Company passed a resolution of increase share capital in Blue Horizon Hospitality Group PTE LTD in amount of USD 1 869 thousand (5 858 TPLN). Funds have been made available to the company on September 25, 2013.

On November 6, 2013Company passed a resolution of increase share capital in Blue Horizon Hospitality Group PTE LTD in amount of USD 1 895 thousand (5 780 TPLN). Funds have been made available to the company on December 16, 2013.

As a result of this resolution percentage engagement AmRest Holdings SE in share capital of Blue Horizon Hospitality Group PTE LTD increased from 51,2% to 56,6%.

## 3 Other financial assets

As at December 31, 2013 and December 31, 2012, the balances of other financial assets were as follows:

| **Other long-term financial assets** | **December 31, 2013** | **December 31, 2012** |
|---|---|---|
| Loans given | 242 500 | - |
| Trust fund | - | 6 199 |
| **Total of other long-term financial assets** | **242 500** | **6 199** |

| **Other short-term financial assets** | **December 31, 2013** | **December 31, 2012** |
|---|---|---|
| Loans given | 7 158 | 149 938 |
| Trust fund | 6 024 | 6 199 |
| Other | - | 14 |
| **Total of other short-term financial assets** | **13 182** | **156 151** |

The Entity provided subsidiaries with the loans specified as below:

| | |
|---|---|
| Borrower | - AmRest s.r.o. |
| Loan amount | - 25 431 thousands PLN |
| Interest rate | - WIBOR 3M + margin |

The loan agreement was signed on April 28 and August 22, 2005. In accordance with the agreement the interest will be calculated on the monthly basis. According to the amendment dated December 10, 2012 the principal amount of the loan with all accrued interest will be repaid till December 31, 2013.

**(in PLN thousands unless stated otherwise)**

On 30 December 2013 Company obtained part of a principal amount of a loan that is PLN 35 thousand and interest in amount of CZK 20 918 thousand and PLN 5 810 thousand.

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

The loan agreement was signed on December 16, 2005. 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.

Loan receivable of April 28 and August 22, 2005 and loan payable of December 16, 2013were mutually settled.

| | |
|---|---|
| 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, 2013.

On September 16, 2013 it was sign appendix to the loan agreement, on base which parties agreed to postpone date of repayment principal amount of the loan with all accrued interests to September 30, 2016.

| | |
|---|---|
| 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. The principal amount of the loan with all accrued interest will be repaid till November 19, 2013.

By December 31, 2013 the principal amount of the loan with all accrued interest was not repaid.

| | |
|---|---|
| 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. The principal amount of the loan with all accrued interest will be repaid till September 30, 2014.

| | |
|---|---|
| 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. The principal amount of the loan will be repaid till December 5, 2014.

**(in PLN thousands unless stated otherwise)**

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.

The table below presents the change of loan value during the twelve months period ended December 31, 2013:

| | |
|---|---|
| **As at January 1, 2013** | **149 938** |
| Including: | |
| **Short – term loans** | **149 938** |
| **Long – term loans** | **-** |
| Change of loan value during the twelve months period ended December 31, 2013: | |
| Loans granted | 160 582 |
| Interest accrued | 12 732 |
| Loan and interest repayment | (73 157) |
| Exchange rate differences (financial expense) | (437) |
| **As at December 31, 2012** | **249 658** |
| Including: | |
| **Short – term loans** | **7 158** |
| **Long – term loans** | **242 500** |

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*

On March 19, 2012 the Entity signed the loan agreement with the subsidiary AmRest Sp. z o.o.. Limit of the loan amounts to 5 689 thousand euro. In accordance with the agreements the interest will be calculated on the monthly basis. The change of the compound interest rate will be executed on the quarterly basis. The principal amount of the loan with all accrued interest will be repaid till September 20, 2016. On April 16, 2012 agreement on the assignment of receivables between AmRest Sp. z o.o. and AmRest Capital ZRT was made. AmRest Capital ZRT entered into a loan agreement for the principal amount All terms and conditions remained unchanged.

As at 16 January 2013 Company repaid loan with all accrued interest.

The table below presents the change of borrowings value during the twelve months period ended December 31, 2013:

**(in PLN thousands unless stated otherwise)**

| | |
|---|---|
| **As at January 1, 2013** | **4 467** |
| Including: | |
| **Short – term borrowings** | **-** |
| **Long – term borrowings** | **4 467** |
| Change of borrowing value during the twelve months period ended December 31, 2013: | |
| Borrowings received | - |
| Interest accrued | 7 |
| Repayment of the borrowings and interest | (4 564) |
| Exchange rate differences (financial expense) | 90 |
| **As at December 31, 2013** | **-** |

*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 ussuance (“5years bonds”), on the basis of which was released option program for corporate bonds of AmRest.

On December 30, 2009, February 24, 2010 and June 18, 2013 Company has issued bonds for total value of 290 000 000 PLN specified as below:

| | |
|---|---|
| Date of issue | - December 30, 2009 |
| Number of bonds issued | - 11 000 |
| Emission price of 1 bond | - 10 000 PLN |
| Total value of bonds issued: | - 110 000 000 PLN |
| Termination date | - December 30, 2014 |
| Interest rate | - variable |
| Reference rate | - WIBOR 6M |

| | |
|---|---|
| Date of issue | - February 24, 2010 |
| Number of bonds issued | - 4 000 |
| Emission price of 1 bond | - 10 000 PLN |
| Total value of bonds issued: | - 40 000 000 PLN |
| Termination date | - December 30, 2014 |
| Interest rate | - variable |
| Reference rate | - WIBOR 6M |

**(in PLN thousands unless stated otherwise)**

| | |
|---|---|
| Date of issue | - June 18, 2013 |
| Number of bonds issued | - 14 000 |
| Emission price of 1 bond | - 10 000 PLN |
| Total value of bonds issued: | - 140 000 000 PLN |
| Termination date | - June 30, 2018 |
| Interest rate | - variable |
| Reference rate | - WIBOR 6M |

Bonds were issued in order to finance investment activities of the Group.

The table below presents the change of borrowings value during the twelve months period ended December 31, 2013:

| | |
|---|---|
| **As at January 1, 2013** | **149 497** |
| Including: | |
| **Short – term** | **-** |
| **Long – term** | **149 497** |
| Change of borrowing value during the twelve months period ended December 31, 2013: | |
| Issuing bonds | 140 000 |
| Issuing bonds costs | (850) |
| Discount | 14 851 |
| Interest paid | (13 862) |
| **As at December 31, 2012** | **289 636** |
| Including: | |
| **Short – term** | **150 410** |
| **Long – term** | **139 226** |

## 5 Trade and other receivables

As at December 31, 2013 and December 31, 2012 Company has receivables of following characteristics:

| **Receivables descriptions** | **December 31, 2013** | **December 31, 2012** |
|---|---|---|
| Receivables from related party – cash pooling | 63 | 10 |
| Receivables from related party – AmRest Coffee s.r.o. | - | 111 |
| Receivables from related party – AmRest s.r.o. | - | 28 |
| Receivables from related party – AmRest Sp. z o.o. | 3 277 | 19 |
| Receivables from related party – AmRest LLC | 20 | 10 |
| Receivables from related party – OOO AmRest | 18 | - |

**(in PLN thousands unless stated otherwise)**

| | | |
|---|---|---|
| Receivables from related party – AmRest TAG | 4 | 4 |
| Receivables from related party employees | 711 | - |
| Tax receivables | - | 1 161 |
| Other receivables | - | 131 |
| **Total of receivables** | **4 093** | **1 474** |

## 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 and PLN 371 thousands as at December 31, 2012.

*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.

*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 Group parent entity 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 Group parent entity 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.

*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 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 | 91.100 | 5 years, gradually, 20% per annum | 81.0 | 10 years |
| Total | 881.110 | | | |
| | | | | |
| 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 |
| Total | 875.000 | | | |

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, 2013 and 2012.

| | 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 |
|---|---|---|---|---|---|---|---|---|
| | 2013 | | | | 2012 | | | |
| At the beginning of the period | PLN 65.12 | 755 000 | 533 203 | - | PLN 64.60 | 616 000 | 524 999 | 10 300 |

**(in PLN thousands unless stated otherwise)**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Utilized during the period | PLN 43.84 | - | (38 474) | - | PLN 45.58 | - | (12 200) | (10 300) |
| Redeemed during the period | PLN 73.58 | - | (26 700) | - | PLN 66.27 | (120 000) | (61 096) | - |
| Awarded during the period | PLN 81.00 | - | 91 100 | - | PLN 66.11 | 259 000 | 81 500 | - |
| At the end of the period | PLN 66.90 | 755 000 | 559 129 | - | PLN 65.12 | 755 000 | 533 203 | - |
| Available for exercising as at the end of the period | PLN 71.82 | - | 337 812 | - | PLN 68.41 | - | 305 368 | - |

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 1/1/2012 to 31/12/2012 | Plan 3 | PLN 22.57 | PLN 61.00 | PLN 61.0 | 38% | 10 years | - | 5.82% |
| from 1/1/2011 to 31/12/2011 | Plan 3 | PLN 25.35 | PLN 73.95 | PLN 64.89 | 37% | 10 years | - | 4.35% |
| from 1/1/2013 to 31/12/2013 | Plan 2 | PLN 41.34 | PLN 81.00 | PLN 81.00 | 34% | 10 years | - | 3.50% |
| from 1/1/2012 to 31/12/2012 | Plan 2 | PLN 39.62 | PLN 70.00 | PLN 70.00 | 37% | 10 years | - | 5.36% |
| from 1/1/2011 to 31/12/2011 | Plan 2 | PLN 45.97 | PLN 78.00 | PLN 78.00 | 37% | 10 years | - | 5.61% |
| from 1/1/2010 to 31/12/2010 | Plan 2 | PLN 42.61 | PLN 70.00 | PLN 70.00 | 40% | 10 years | - | 5.51% |
| from 1/1/2009 to 31/12/2009 | Plan 2 | PLN 27.38 | PLN 48.32 | PLN 48.32 | 41% | 7.6 years | - | 5.80% |
| from 1/1/2008 to 31/12/2008 | Plan 2 | 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 | Plan 2 | 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 | Plan 2 | 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 | Plan 2 | 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% |
| | Plan 1 | 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 GPW (calculated on the basis of the weighted average time to maturity of the options),

**(in PLN thousands unless stated otherwise)**

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.

Key managers of the Spanish market participate in motivation program which bases on exceeding goals of the business growth. For the 12 months ended December 31, 2013, Group recognized costs concerning the program in the amount of PLN 4.285 thousand (EUR 976 thousand) In comparison period Group recognized cost in the amount PLN 3.461 thousand (EUR 829 thousand). In 2013 there was a substantial change in the Plans regarding reduction in the scale of the development La Tagliatella brand on new markets affecting the validity of the reversal of previously accrued costs of the program based on the results of this development.

The costs recognized in connection with the plans relating to share-based payments for the period of twelve months ending on December 31, 2013 and 2012 respectively are presented below:

| | **December 31, 2012** | **December 31, 2012** |
|---|---|---|
| Value of employee services | 7 624 | 5 668 |
| | **7 624** | **5 668** |

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, 2013, 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 14, 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.* | 6 997 853 | 32.99% | 6 997 853 | 32.99% |
| ING OFE | 4 100 000 | 19.33% | 4 100 000 | 19.33% |
| PZU PTE** | 2 779 734 | 13.10% | 2 779 734 | 13.10% |
| Aviva OFE | 1 600 000 | 7.54% | 1 600 000 | 7.54% |
| Other shareholders | 5 736 306 | 27. 04% | 5 736 306 | 27.04% |

* WP Holdings owns directly 32.9999% shares in Equity and at AGM.

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

**(in PLN thousands unless stated otherwise)**

*Reserves*

Structure of the reserved capital is as follows:

| | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Share premium | 788 755 | 786 815 |
| Employees share option plan (Note 6) | 27 543 | 19 919 |
| 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 | - | 1 940 |
| **Total supplementary capital** | **791 414** | **783 790** |

*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 2013 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 2 106 thousand.

## 8 Cash and cash equivalents

| | December, 31 2013 | December, 31 2012 |
|---|---|---|
| Cash at bank | 36 703 | 12 432 |
| Cash in hand | 1 | 1 |
| | **36 704** | **12 433** |

## 9 Finance income and expenses

| | 12 months ended December 31, 2013 | 12 months ended December 31, 2012 |
|---|---|---|
| Interest income | 13 167 | 19 524 |
| Dividends received | 19 237 | 10 098 |
| Net exchange rate gains | - | - |
| **Finance income, total** | **32 404** | **29 622** |
| | | |
| Interest expense | 14 723 | 13 323 |
| Other | 10 504 | 215 |
| Net exchange rate losses | 628 | 1 195 |
| **Finance expenses, total** | **25 855** | **14 733** |

(in PLN thousands unless stated otherwise)

## 10 Income Tax

| | 12 months ended December 31, 2013 | 12 months ended December 31, 2012 |
|---|---|---|
| Corporate income tax - current period | 796 | 223 |
| Change in deferred tax assets/liabilities | (1 302) | 405 |
| **Income tax recognized in the income statement** | **(506)** | **628** |

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, 2013 | December 31, 2012 |
|---|---|---|
| Deferred tax asset to be recovered after more than 12 months | - | - |
| Deferred tax asset to be recovered within 12 months | 846 | 1 286 |
| **Deferred tax asset:** | **846** | **1 286** |

| | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Deferred tax liabilities to be used within 12 months | 128 | 1 869 |
| **Deferred tax liabilities:** | **128** | **1 869** |

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

| | December 31, 2013 | December 31, 2012 |
|---|---|---|
| Investment in subsidiaries | - | (248) |
| Other financial assets | 85 | (1 616) |
| Other financial liabilities | (69) | (5) |
| Interest-bearing loans and borrowings | - | 105 |
| Trade and other payables | 39 | 238 |
| Tax loss carried forwards | 663 | 942 |
| **Deferred tax asset** | **718** | **-** |
| **Deferred tax liabilities** | **-** | **584** |

As at December 31, 2013, tax loss carried forward are as follows:

| | December 31, 2013 |
|---|---|
| Tax loss for period 2010 | 3 490 |
| **Tax losses in respect of which deferred tax assets were recognized** | **3 490** |

## 11 Related party transaction

As at December 31, 2013 the Group of which the Company is a parent consisted of the following subsidiaries (direct and indirect):

**(in PLN thousands unless stated otherwise)**

| 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. | Madrid, Spain | AmRest Sp. z o.o. | 100.00% | March 2011 |
| AmRestavia S.L.U. | Madrid, Spain | AmRest TAG S.L. | 100.00% | April 2011 |
| Restauravia Grupo Empresarial S.L. | Madrid, Spain | AmRestavia S.L.U. | 16.52% | |
| | | AmRest TAG S.L. | 83.48% | April 2011 |
| AmRest Services Sp. z o.o. pending | Wroclaw, Poland | AmRest Sp. z o.o. | 100.00% | |
| liquidation * | Wroclaw, Poland | | | April 2011 |
| AmRest HK Ltd | Hong Kong, China | AmRest Holdings SE | 81.90% | |
| | | Stubbs Asia Limited | 18.10% | November 2011 |
| Blue Horizon Hospitality Group PTE Ltd | Singapore, China | AmRest Holdings SE | 56.60% | |
| | | WT Equities | 17.36% | |
| | | BHHG | 17.36% | |
| | | MJJP | 4.34% | |
| | | Coralie Danks | 4.34% | 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 |
| 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 Restaurants (India) Private Ltd | Bombai, India | Restauravia Grupo | 100.00% | October 2011 |

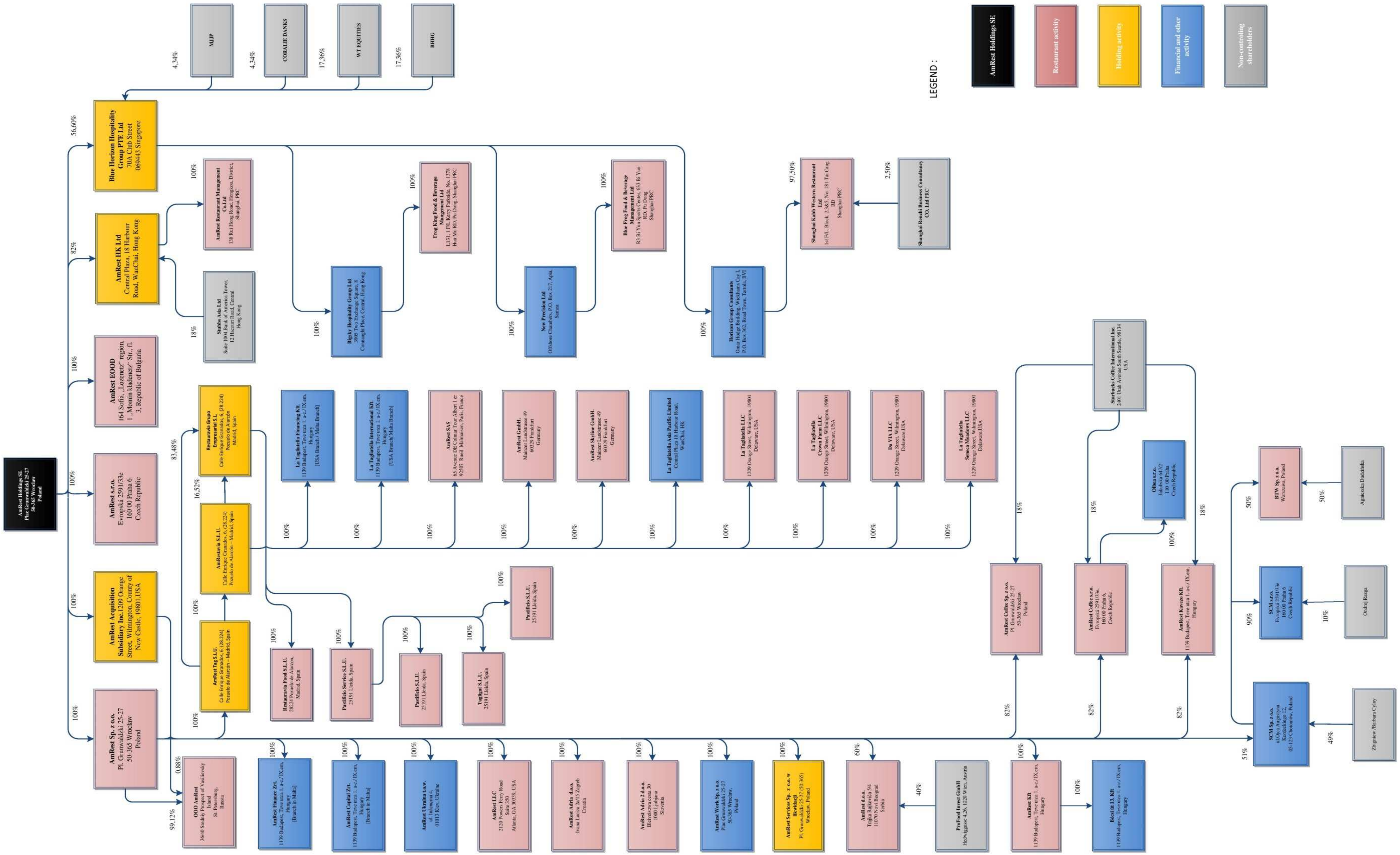
**(in PLN thousands unless stated otherwise)**

| Company name | Seat | Parent/non-controlling undertaking | Owner-ship interest and total vote | Date of effective control |
|---|---|---|---|---|
| | | Empresarial S.L. | | |
| AmRest Adria d.o.o. | Zagreb, Croatia | AmRest Sp. z o.o | 100.00% | October 2011 |
| AmRest GmbH | Fraknfurt, Germany | AmRestavia S.L.U. | 100.00% | March 2012 |
| AmRest SAS | Paris, France | AmRestavia S.L.U. | 100.00% | April 2012 |
| La Tagliatella LLC | Wilmington, USA | AmRestavia S.L.U. | 100.00% | April 2012 |
| AmRest Adria 2 d.o.o. | Ljubljana, Slovenia | AmRest Sp. z o.o | 100.00% | August 2012 |
| La Tagliatella Asia Pacific LLC | Hong Kong, China | Restauravia Grupo Empresarial S.L. | 100.00% | November 2012 |
| AmRest Restaurant Management Co. Ltd | Shanghai, China | AmRest HK Ltd | 100.00% | November 2012 |
| Blue Frog Food&Beverage Management Ltd | Shanghai, China | New Precision Ltd | 100.00% | December 2012 |
| Shanghai Kabb Western Restaurant Ltd | Shanghai, China | Horizon Group Consultants (BVI) | 97.50% | December 2012 |
| | | Shanghai Renzi Business Consultancy Co. Ltd | 2.50% | |
| Da Via, LLC | Wilmington, USA | AmRestavia S.L.U. | 100.00% | June 2013 |
| La Tagliatella - Crown Farm, LLC | Wilmington, USA | AmRestavia S.L.U. | 100.00% | June 2013 |
| La Tagliatella - Seneca Meadows, LLC | Wilmington, USA | AmRestavia S.L.U. | 100.00% | June 2013 |
| AmRest SkylineGmbH | Frankfurt, Germany | AmRestavia S.L.U. | 100.00% | October 2013 |
| | | 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 |
| Bigsky Hospitality Group Ltd | Hong Kong, China | 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, British Virgin Islands | Blue Horizon Hospitality Group PTE Ltd | 100.00% | December 2012 |
| Frog King Food&Beverage Management Ltd | Shanghai, China | Bigsky Hospitality Group Ltd. | 100.00% | December 2012 |
| Olbea s.r.o.** | Prague, Czech | AmRest Coffee s.r.o. | 100.00% | June 2013 |
| | | Delivery services for restaurants operated by the Group | | |
| SCM Sp. z o.o. | Warsaw, Poland | AmRest Sp. z o.o. | 51.00% | October 2008 |
| | | Zbigniew Cylny | 44.00% | |
| | | Beata Szafarczyk-Cylny | 5.00% | |
| | | Lack of running activity | | |
| AmRest Ukraina t.o.w. | Kiev, Ukraine | AmRest Sp. z o.o. | 100.00% | December 2005 |
| Bécsi út.13. Kft*** | Budapest, Hungary | AmRest Kft | 100.00% | April 2007 |
| AmRest Work Sp. z o.o. | Wroclaw, Poland | AmRest Sp. z o.o | 100.00% | March 2012 |

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

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

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


LEGEND :
AmRest Holdings SE
Restaurant activity
Holding activity
Financial and other activity
Non-controlling shareholders

**(in PLN thousands unless stated otherwise)**

As at December 31, 2013 the Group possess the following associated entities included in the financial statements under the equity method:

| Company name | Seat | Core business | Parent/ non-controlling undertaking | Ownership 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 |
| BTW Sp. z o.o. | Warsaw, Poland | Restaurant activity | SCM Sp. z o.o. | 25.50% | March 2012 |

The Group's office is in Wroclaw, Poland. At December 31, 2013 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, India and China.

*Related party transaction*

| Trade and other receivables from related entities | December 31, 2013 | December 31, 2012 |
|---|---|---|
| AmRest Coffee s.r.o. | - | 111 |
| AmRest Sp. z o.o. | 3 340 | 29 |
| AmRest s.r.o. | - | 28 |
| AmRest LLC | 20 | 10 |
| OOO AmRest | 18 | - |
| AmRest TAG S.L. | 4 | 4 |
| Related party employees. | 711 | - |
| | **4 093** | **182** |

| Loans granted to related entities | December 31, 2013 | December 31, 2012 |
|---|---|---|
| AmRest Sp. z o.o. | 222 000 | 117 458 |
| AmRest s.r.o. | 20 591 | 29 366 |
| AmRest HK Ltd. | 3 795 | 3 114 |
| Blue Horizon Hospitality Group PTE LTD. | 1 757 | - |
| | **248 143** | **149 938** |

| Borrowings received from related entities | December 31, 2013 | December 31, 2012 |
|---|---|---|
| AmRest Capital ZRT | - | 3 913 |
| | **-** | **3 913** |

| Trade and other payables to related entities | December 31, 2013 | December 31, 2012 |
|---|---|---|
| AmRest Sp. z o.o. | 12 | - |
| AmRest HK Ltd. | 1 506 | - |

**(in PLN thousands unless stated otherwise)**

| | | |
|---|---|---|
| AmRest LLC | 5 | - |
| | **1 523** | **-** |

**Other operating income from related entities**

| | 12 months ended December 31, 2013 | 12 months ended December 31, 2012 |
|---|---|---|
| AmRest Sp. z o.o. | 3 154 | 313 |
| AmRest Coffee s.r.o. | - | 111 |
| AmRest s.r.o. | 56 | 111 |
| AmRest TAG S.L.U. | 55 | 41 |
| AmRest LLC | 11 | 22 |
| OOO AmRest | 18 | 12 |
| AmRest KFT | 5 | - |
| AmRest Coffee Sp. z o.o. | 7 | - |
| AmRest EOOD | 1 | 1 |
| SCM Sp. z o.o. | 2 | 1 |
| AmRest Capital ZRT | 2 | - |
| AmRest Finance ZRT | 17- | - |
| AmRest Services Sp. z o.o. SKA. | 5 | - |
| AmRest GmbH. | 1 | - |
| | **3 334** | **612** |

| **General and administrative expenses – related entities** | 12 months ended December 31, 2013 | 12 months ended December 31, 2012 |
|---|---|---|
| AmRest Sp. z o.o. | 53 | 18 |
| AmRest s.r.o. | 1 | - |
| | **54** | **18** |

| **Financial income form related entities** | 12 months ended December 31, 2013 | 12 months ended December 31, 2012 |
|---|---|---|
| AmRest Sp. z o.o. – interest | 10 656 | 16 785 |
| AmRest s.r.o. – interest | 1 432 | 1 826 |
| AmRest HK Ltd. – interest | 143 | 15 |
| AmRest s.r.o. – dividend | 19 237 | 10 098 |
| Blue Horizon Hospitality Group PTE LTD - interest | 4 | - |
| | **31 472** | **28 724** |

| **Financial cost – related entities** | 12 months ended December 31, 2013 | 12 months ended December 31, 2012 |
|---|---|---|
| AmRest Sp. z o.o. – interest | 8 | 644 |
| Restauravia Grupo Empresarial S.L. – interest | - | 88 |
| Pastificio Service S.L.U. – interest | - | 63 |
| Restauravia Food S.L.U. – interest | - | 104 |
| AmRest Capital ZRT. – interest | 7 | - |
| | **15** | **899** |

**(in PLN thousands unless stated otherwise)**

*Transactions with the management/ Management Board, Supervisory Board*

Remuneration of the Management and Supervisory Board

| | 12 months ended December 31, 2013 | 12 months ended December 31, 2012 |
|---|---|---|
| Remuneration of the Management and Supervisory Boards paid by the Company's subsidiaries | 5 186 | 5 933 |
| **Total remuneration of the Management Board and Supervisory Board** | **5 186** | **5 933** |

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, 2013 the balance of net sabbatical remuneration is PLN *142* thousand, decreased about PLN *268* thousand from base level PLN 410 thousand.

The Group's key employees also participate in an employee share option plan (see note 6). The costs relating to the employee option plan in respect of management amounted to PLN 3 029 thousand and PLN 2 316 thousand respectively in the 12 month period ended December 31, 2013 and 2012.

| | | For the 12 months ended December 31, 2013 | For the 12 months ended December 31, 2012 |
|---|---|---|---|
| Number of options awarded | | 650 750 | 650750 |
| Number of available options | | 126 417 | 114 300 |
| Fair value of options as at the moment of awarding | PLN | 15 877 751 | 15 877 751 |

As at December 31, 2013and as at December 31, 2012 there were no liabilities to former employees.

## 12 Loans and bonds liabilities and commitments and contingencies

On September 10th, 2013 a Credit Agreement („the Agreement") between AmRest, AmRest Sp. z o.o and AmRest s.r.o. – jointly „the Borrowers" and Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Rabobank Polska 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 10th, 2018 and is dedicated for repayment of the obligations under the credit agreement signed October 11th, 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.

**(in PLN thousands unless stated otherwise)**

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.

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.

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

On August 22nd, 2012 the above mentioned agreement was replaced with the new one signed between AmRest Holding SE, AmRest Sp. z o.o. and Bank PEKAO S.A. for a defined period until December 31st, 2019. Program extension is possible until redemption of all bonds issued. The total maximum value of the program remained the same and is equal to PLN 300 million.

On June 1*8th*, *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 30th, 2018. Interest is paid on semi-annual basis (June 30th and December 30th), beginning December 30th 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.

As at December 31, 2013 the payables concerning bonds issued are PLN 289.636 thousand.

The status of the guarantees offered by the Group as at December 31, 2013 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 1.944 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 |

**(in PLN thousands unless stated otherwise)**

## 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, 2013 maximum amount exposed to credit risk was 296 479 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, 2013, 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.

For the purpose of financing of investment activities of the Group, the Company issued bonds (Note 4) for the amount of PLN 290 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, 2013 and December 31, 2012 were as follows:

| | **December 31, 2013** | **December 31, 2012** |
|---|---:|---:|
| Bonds obligations and other liabilities | 292 927 | 155 904 |
| Less: cash and cash equivalent | 36 704 | 12 433 |
| Net debt | 256 223 | 143 471 |
| Total equity | 863 593 | 851 448 |
| Capital involved | 1 119 816 | 994 919 |
| **Gearing ratio** | **23%** | **14%** |

*Recent volatility in global and country financial markets*

**(in PLN thousands unless stated otherwise)**

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 2013 and 2012 was calculated as follows:

| | **12 months ended December 31, 2013** | **12 months ended December 31, 2012** |
|---|---|---|
| Profit for the period | 6 853 | 12 584 |
| Weighted average number of ordinary shares in issue | 21 213 893 | 21 213 893 |
| Impact of share issuance | - | - |
| Impact of option of share issuance | - | - |
| Impact of share options awarded in 2005 | 11 293 | 19 602 |
| Impact of share options awarded in 2006 | 9 346 | 16 701 |
| 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 | 16 906 |
| Impact of share options awarded in 2010 | 16 999 | - |
| Impact of share options awarded in 2011 | 174 833 | 82 631 |
| Impact of share options awarded in 2012 | 80 308 | - |
| Impact of share options awarded in 2012 | 979 | - |
| Weighted average number of ordinary shares in issue | 21 543 299 | 21 349 733 |
| Profit per ordinary share | | |
| Basic earnings per ordinary share | 0,32 | 0,59 |
| Diluted earnings per ordinary share | 0,32 | 0,59 |

## 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 January 16th, 2014 The Supervisory Board based on Regulations Management Option Plan, approved December 13th, 2011, granted 215 000 options (including grants to the Member of the Board of AmRest Holdings SE Wojciech Mroczyński in the amount of 30 000 options).

On January 31st, 2014 between Burger King Europe GmbH (BKE), AmRest sp. z o.o., and AmRest Holding SE the amendment to "Strategic Development Agreement" was signed partially amending "Development Agreement" and franchise agreement was signed with AmRest Sp. z o.o., considering opening and running Burger King restaurants in Poland in 2013-2015 years.