

AmRest Holdings Spółka Europejska

**Report on the financial statements
as at and for the year ended 31 December 2011**

**Report on the financial statements
for the financial year ended 31 December 2011
to the General Shareholders' Meeting and Supervisory Board
of AmRest Holdings SE**

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I. General information about the Company

- a. AmRest Holdings SE has its seat in Wrocław, pl. Grunwaldzki 25-27.
- b. AmRest Holdings SE was established in the Netherlands in October 2000 as a joint-stock company. On 19 September 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europea) and of its name to AmRest Holdings SE. On 22 December 2008, the Company was entered into the Register of Businesses with the reference number KRS 0000320252 by the District Court for Wrocław-Fabryczna, VI Business Department of the National Court Register. The Court also registered the amendments to the Company's Articles of Association relating to the Company's registered office being moved to Poland.
- c. On 16 January 2009 the Company was assigned a tax identification number (NIP) 101-00-02-998 for the purpose of making tax settlements. On 5 January 2009 the Company was assigned a REGON number 020891041 for statistical purposes.
- d. As at 31 December 2011 the Company's share capital amounted to EUR 212.138,93 and consisted of 21,213,893 shares, with a nominal value of EUR 0.01 per share. As at 31 December 2011, equity was positive and amounted to PLN 833,638 thousand.
- e. As at the date of this report, i.e. 20 March 2012, the Company's shareholders were as follows:

Shareholder's name	Number of shares held	Par value of shares held* PLN'000	Type of shares held	Votes (%)
WP Holdings VII B.V.	6,997,853	235	ordinary	32.99
ING Otworthy Fundusz Emerytalny	3,633,013	122	ordinary	17.13
BZ WBK AIB Asset Management S.A.	2,077,569	76	ordinary	9.79
Aviva Otworthy Fundusz Emerytalny	1,482,766	50	ordinary	6.99
Henry McGovern	1,411,207	50	ordinary	6.65
Others	5,611,485	181	ordinary	26.45
	21,213,893	714		100.00

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I. General information about the Company (cont.)

f. In the audited year, the Company engaged mainly in holding operations, having shares in the following subsidiaries:

- AmRest Sp. z o.o. (Poland),
- AmRest s.r.o. (Czech Republic),
- AmRest EOOD (Bulgaria)
- AmRest Acquisition Subsidiary, Inc. (United States),
- AmRest TAG S.L. (Spain),
- AmRest Finance S.L. (Spain),
- AmRest HK Limited (China).

g. During the audited year, the Management Board of the Company comprised:

- Piotr Boliński Board Member,
- Drew O'Malley Board Member,
- Mark Chandler Board Member,
- Wojciech Mroczyński Board Member until 28 February 2011.

On 13 December 2011 the Supervisory Board of AmRest adopted resolutions on dismissing Mr. Piotr Boliński from the function of AmRest Management Board Member and appointing Mr. Wojciech Mroczyński to hold this position. The resolutions became effective on 1 March 2012.

h. The Company's related entities are the companies which form the Group in which the Company is the Parent Entity, Company's key management personnel and entities controlled by members of management and supervisory authorities.

i. The Company is an issuer of securities admitted for trading on the Warsaw Stock Exchange. In accordance with the choice of selecting accounting policies permitted by the Accounting Act, the Company has decided to prepare its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

The decision to prepare the Company's financial statements in accordance with these standards was made by the Company's Management Board on 11 December 2008 and approved by a resolution of the Supervisory Board on 12 December 2008.

j. The Company has also prepared the consolidated financial statements of the Group, in which the Company is the Parent Company, in accordance with the International Financial Reporting Standards as adopted by the European Union dated 20 March 2012. In order to analyze the Company's financial position and its results as the Parent Company in the context of the Group, the stand-alone financial statements should be read jointly with the consolidated financial statements.

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II. Information about the audit

- (a) The audit of the financial statements as at and for the year ended 31 December 2011 was conducted by PricewaterhouseCoopers Sp. z o.o. having its seat in Warsaw, Al. Armii Ludowej 14, registered audit company no. 144. The audit was conducted on behalf of the registered audit company under the supervision of the key registered auditor Marcin Sawicki (no. 11393).
- (b) PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Company by Resolution No. 5/06/2010 of the General Shareholders' Meeting dated 22 June 2010 in accordance with paragraph 12 p. 1.d. of the Company's Memorandum of Association.
- (c) PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the audited entity within the meaning of art. 56, clauses 2-4 of the Act on registered auditors and their council, entities entitled to provide an audit of the financial statements and public supervision of 7 May 2009 (Journal of Laws of 2009, No. 77, item 649, with further amendments).
- (d) The audit was performed on the basis of an agreement dated 21 June 2010 and conducted in the following periods:
- interim audit from 18 November to 2 December 2011;
 - final audit from 23 January to 20 March 2012 (at intervals).

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III. The Company's results and financial position

The financial statements do not take into account the effects of inflation. The consumer price index (on a December to December basis) amounted to 4.6% in the audited year (3.1% in 2010).

The following comments are based on information obtained during the audit of the financial statements.

- At the end of the financial year, the Company's total assets amounted to PLN 1,005,705 thousand. During the year total assets increased by PLN 196,117 thousand (i.e. by 24.2%). Increase in total assets resulted primarily from an increase in long-term investments by PLN 360,964 thousand with a decrease in other long-term financial assets by PLN 169,961 thousand. The growth was mainly financed by the increase in share capital and reserves in amount of PLN 168,926 thousand through the issuance of shares held by WP Holdings VII B.V.
- Increase in long-term investments amounted to PLN 360,964 thousand (i.e. by 91,8%) compared to previous year was mainly due to acquisition of shares in AmRest TAG S.L. (PLN 357,044 thousand) and in AmRest EOOD (PLN 2,000 thousand).
- Decrease in other long-term financial assets by PLN 169,961 thousand (i.e. by 45,2%) compared to previous year was mainly due to repayment of the loan by the subsidiary AmRest Sp. z o.o.
- As at 31 December 2012 the Company held shares in 7 subsidiaries: (AmRest Sp. z o.o., AmRest s.r.o., AmRest Acquisition Subsidiary, Inc., AmRest TAG S.L., AmRest HK Limited, AmRest Finance S.L. and AmRest EOOD). As at the end of year the Company has not identified the need of recognition of impairment in relation to shares in subsidiaries, nor against any other assets.
- As at the balance sheet date, external financing mainly comprised liabilities to other entities in respect of issued bonds with a balance of PLN 149,491 thousand and interest bearing loans and borrowings of PLN 22,111 thousand PLN.

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IV. Discussion of financial statement components

STATEMENT OF FINANCIAL POSITION as at 31 December 2011

	Note	31.12.2011 PLN'000	31.12.2010 PLN'000	Change PLN'000	Change (%)	31.12.2011 Structure (%)	31.12.2010 Structure (%)
ASSETS							
Non-current assets							
Long-term investments in subsidiaries	1	754,224	393,260	360,964	91.8	75.0	48.6
Other long-term financial assets	2	205,700	375,661	(169,961)	(45.2)	20.4	46.4
Deferred income tax assets		-	380	(380)	(100.0)	-	-
		959,924	769,301	190,623	24.8	95.4	95.0
Current assets							
Trade and other receivables		1,002	6,674	(5,672)	(85.0)	0.1	0.8
Other current assets		8	4	4	100.0	-	-
Other current financial assets		27,728	-	27,728	>100.0	2.8	-
Cash and cash equivalents		17,043	33,609	(16,566)	(49.3)	1.7	4.2
		45,781	40,287	5,494	13.6	4.6	5.0
Total assets		1,005,705	809,588	196,117	24.2	100.0	100.0

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IV. Discussion of consolidated financial statement components (cont.)

STATEMENT OF FINANCIAL POSITION as at 31 December 2011 (cont.)

	Note	31.12.2011 PLN'000	31.12.2010 PLN'000	Change PLN'000	Change (%)	31.12.2011 Structure (%)	31.12.2010 Structure (%)
EQUITY	3						
Share capital		714	623	91	14.6	0.1	0.1
Other reserves		776,182	605,689	170,493	28.1	77.2	74.8
Retained earnings		56,742	53,555	3,187	6.0	5.6	6.6
		833,638	659,867	173,771	26.3	82.9	81.5
LIABILITIES							
Non-current liabilities							
Deferred income tax liabilities		179	-	179	>100.0	-	-
Other long-term financial liabilities		149,491	149,161	330	0.2	14.9	18.4
		149,670	149,161	509	0.3	14.9	18.4
Current liabilities							
Loans and borrowings		22,111	-	22,111	>100.0	2.2	-
Trade and other payables		286	560	(274)	(48.9)	-	0.1
		22,397	560	21,837	>100.0	2.2	0.1
Total liabilities		172,067	149,721	22,346	14.9	17.1	18.5
Total equity and liabilities		1,005,705	809,588	196,117	24.2	100.0	100.0

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IV. Discussion of financial statement components (cont.)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011

	Note	2011 PLN'000	2010 PLN'000	Change PLN'000	Change (%)
Administrative expenses		(3,803)	(654)	(3,149)	>100.0
Other operating income		193	2,158	(1,965)	(91.1)
Finance income		19,892	14,752	5,140	34.8
Finance costs		(12,453)	(13,166)	713	(5.4)
Profit before income tax		3,829	3,090	739	23.9
Income tax expense		(642)	(248)	(394)	>100.0
Net profit	4	3,187	2,842	345	12.1
Other comprehensive income		-	-	-	-
Total comprehensive income		3,187	2,842	345	12.1

IV. Discussion of financial statement components (cont.)

The statement of financial position as at 31 December 2011

1. Long-term investments in subsidiaries

Long-term investments in subsidiaries comprised shares mainly of the following entities:

- AmRest Tag S.L. amounted to PLN 357,044 thousand,
- AmRest Sp. z o.o. amounted to PLN 214,015 thousand,
- AmRest Acquisition Subsidiary amounted to PLN 146,954 thousand,
- AmRest s.r.o. amounted to PLN 33,573 thousand,
- AmRest EOOD amounted to PLN 2,000 thousand,
- AmRest HK Limited amounted to PLN 625 thousand,
- AmRest Fiannce S.L. amounted to PLN 13 thousand.

As at the end of the audited year the value of long-term investments in subsidiaries amounted to PLN 754,224 thousand and increased by PLN 360,964 thousand (i.e. by 91.8%) compared with the previous year. The increase was mainly due to acquisition of 76.27% shares of AmRest Tag S.L. amounting to PLN 357,044 thousand and 100% shares of AmRest EOOD amounting to PLN 2,000 thousand.

2. Other long-term financial assets

The value of other long-term financial assets as at theyear end amounted to PLN 205,700 thousand (loan granted to subsidiary AmRest Sp. z o.o.) and decreased comparing to the previous year by PLN 169,961 thousand, i.e. 45.2% mainly due to loan repayments made during the financial year and the reclassification of the loan to the subsidiary AmRest s.r.o. in the amount of PLN 27.728 thousand to other current financial assets.

3. Equity

	31.12.2010	Net result for the financial year	Issue of shares	The share option plan for employees	31.12.2011
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Share capital	623	-	91	-	714
Other reserves	605,689	-	168,835	1,658	776,182
Retained earnings	53,555	3,187	-	-	56,742
Total	659,867	3,187	168,926	1,658	833,638

During the financial year the value of share capital increased by PLN 91 thousand through the issuance of 2,279,794 shares, with a nominal value of EUR 0.01 per share.

4. Net profit for the year

In accordance with the Resolution no. 8 of the General Shareholders' Meeting dated 10 June 2011, the profit for the previous year of PLN 2,842 thousand was transferred to cover the part of the loss from previous years.

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V. Statements of the independent registered auditor

- a. The Management Board of the Company provided all the information, explanations, and representations required by us in the course of the audit and provided us with a representation letter confirming the completeness of the information included in the accounting records and the disclosure of all contingent liabilities and post-balance-sheet events which occurred up to the date on which that letter was signed.
 - b. The scope of the audit was not limited.
 - c. The Company has up-to-date documentation of its accounting policies, approved by the Management Board. The Company's accounting policies were tailored to its needs and ensured the recognition of all events with a material effect on the assessment of its financial position and results, taking into consideration the prudence principle. There were no changes to the accounting policies compared with the previous year.
 - d. The closing balances as at the end of the previous year, were correctly brought forward as the opening balances of the current financial year in all material respects.
 - e. The counts of assets and liabilities were carried out and reconciled in accordance with the Accounting Act, and the results were included in the accounting records for the audited year.
 - f. The financial statements of the Company as at and for the year ended 31 December 2010 were approved by Resolution No. 7 passed by the General Shareholders' Meeting on 10 June 2011, filed with the National Court Register in Wrocław on 20 October 2011 and published in Monitor Polski B No. 2018 on 26 October 2011.
 - g. The financial statements for the previous financial year were audited by PricewaterhouseCoopers Sp. z o.o. The registered auditor issued an unqualified opinion.
 - h. We have assessed the operation of the accounting system. Our assessment covered in particular:
 - the accuracy of the documentation relating to business transactions;
 - the fairness, accuracy and verifiability of the books of account, including computerized books of account;
 - the methods used for controlling access to data and the computerized data processing system;
 - the safeguarding of the accounting documentation, books of account, and financial statements.
- This assessment, together with our verification of individual items of the financial statements, provides the basis for expressing a general and comprehensive opinion on these financial statements. The audit was not intended to provide a comprehensive opinion on the operations of the above mentioned system.
- i. The notes to the financial statements present all significant information required by International Financial Reporting Standards as adopted by the European Union.
 - j. The information in the Directors' Report for the year ended 31 December 2011 has been prepared in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws of 2009, No. 33, item 259, as amended) and consistent with that presented in the financial statements.

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VI. Final information and comments

This report has been prepared in connection with our audit of the financial statements of AmRest Holdings SE, pl. Grunwaldzki 25-27, Wrocław. The financial statements were signed by the Company's Management Board on 20 March 2012.

This report should be read in conjunction with the Independent Registered Auditor's unqualified Opinion to the General Shareholders' Meeting and the Supervisory Board of AmRest Holdings SE dated 20 March 2012, concerning the said financial statements. The opinion on the financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the financial statements as a whole.

Conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

TRANSLATION ONLY

Marcin Sawicki

Key Registered Auditor
No. 11393

Wrocław, 20 March 2012