AmRest Holdings SE

Annual Separate Financial Statements
as at and for the twelve months ended
December 31st, 2016

Contents:

Annual Separate Income Statement for the 12 months ended December 31, 2016

In thousands of Polish Zloty	**Note**	**12 months ended December 31, 2016**	**12 months ended December 31, 2015**
General and administrative expenses (G&A)		(1 919)	(6 810)
Other operating costs	9	(7 829)	(10 919)
Other operating income	9	35 564	13 521
Finance income	9	32 367	18 148
Finance cost	9	(12 001)	(12 714)
Profit before tax		**46 182**	**1 226**
Income tax expense	10	(383)	(579)
Profit for the period		**45 799**	**647**
Basic profit per share in Polish zloty	14	2,16	0,03
Diluted profit per share in Polish zloty	14	2,16	0,03

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, 2016

In thousands of Polish Zloty	**12 months ended December 31, 2016**	**12 months ended December 31, 2015**
Profit for the period	**45 799**	**647**
Other comprehensive income	-	-
Total comprehensive income for the period	**45 799**	**647**
Total items that may be reclassified subsequently to profit or loss	45 799	647

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, 2016

In thousands of Polish Zloty	Note	December 31, 2016	December 31, 2015
Assets			
Other intangible assets		316	551
Investment in associates	2	898 093	890 852
Other non-current assets	3	174 314	174 200
Total non-current assets		**1 072 723**	**1 065 603**
Trade and other receivables	5	42 554	16 718
Income tax receivables	5	-	744
Other current assets		79	144
Other financial assets	3	8 963	8 019
Cash and cash equivalents	8	11 139	14 012
Total current assets		**62 735**	**39 637**
Total assets		**1 135 458**	**1 105 240**
Equity			
Share capital		714	714
Reserves	7	733 667	744 103
Retained Earnings	7	101 710	55 911
Total Equity attributable to shareholders of the parent		**836 091**	**800 728**
Liabilities			
Deferred tax liabilities	10	372	327
Trade and other payables	6	11 255	21 629
Non-current bonds liabilities	4	279 483	279 157
Total non-current liabilities		**291 110**	**301 113**
Trade and other payables	6	7 918	3 399
Other financial liabilities	4	8	-
Liabilities from income tax		331	-
Total current liabilities		**8 257**	**3 399**
Total liabilities		**299 367**	**304 512**
Total equity and liabilities		**1 135 458**	**1 105 240**

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, 2016

In thousands of Polish Zloty	Nota	12 months ended December 31, 2016	12 months ended December 31, 2015
Cash flows from operating activities			
Profit/loss before tax		46 182	1 226
Adjustments for:			
Amortization		268	173
Interest, net		1 850	(1 898)
Unrealized foreign exchange differences		(585)	305
Change in receivables	8	(17 738)	5 710
Change in other current assets	8	65	(64)
Change in payables and other liabilities	8	4 578	2 100
The result of realized options	9	(35 560)	(12 127)
Income taxes paid		737	(365)
Interest paid	4	(11 666)	(12 025)
Interest received		9 454	10 574
Dividends received from subsidiaries		(21 750)	-
Impairment on investments	9	6 343	323
Other		267	436
Net cash provided by operating activities		**(17 555)**	**(5 632)**
Cash flows from investing activities			
Proceeds from repayment of loan given	3	-	59 430
Expense on loans given		(111)	-
Dividends received from subsidiaries	9	21 750	6 606
Acquisition of subsidiaries, net of cash acquired		(14 834)	(17 918)
Acquisition of property, plant and equipment		(92)	(443)
Net cash used in investing activities		**6 713**	**47 675**
Cash flows from financing activities			
Proceeds from share issuance (employees options)		58 048	19 784
Expense on acquisition of own shares (employees option)		(50 079)	(49 779)
Net cash provided by/(used in) financing activities		**7 969**	**(29 995)**
Net change in cash and cash equivalents		**(2 873)**	**12 048**
Balance sheet in cash and cash equivalents		**(2 873)**	**12 048**
Cash and cash equivalents, beginning of period		**14 012**	**1 964**
Cash and cash equivalents, end of period		**11 139**	**14 012**

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

AmRest Holdings SE
Annual Separate Financial Statements as at and for the twelve months ended December 31, 2016

Annual Separate Statement of Changes in Equity for the 12 months ended December 31, 2016

	Issued capital	Own shares	Reserves	Retained Earnings	Total Equity
As at January 1, 2015	**714**	**-**	**779 346**	**31 112**	**811 172**
Comprehensive Income					
Profit for the period	-	-	-	647	**647**
Total Comprehensive Income	**-**	**-**	**-**	**647**	**647**
Change in presentation*					
Change in presentation on the own shares	-	-	(227)	227	-
Separating the result on own shares 2012-2013	-	-	(2 548)	2 548	-
Separation of own shares on January 1, 2015	-	(4 014)	4 014	-	-
Change in presentation of retained earnings	-	-	(21 377)	21 377	-
Change in presentation in total*	**-**	**(4 014)**	**(20 138)**	**24 152**	**-**
Transactions with shareholders					
Change in share option plan for employees	-	-	6 107	-	**6 107**
Transfer of own shares	-	32 581	-	-	**32 581**
Purchase of own shares	-	(49 779)	-	-	**(49 779)**
Total of transactions with shareholders	**-**	**(17 198)**	**6 107**	**-**	**(11 091)**
As at December 31, 2015	**714**	**(21 212)**	**765 315**	**55 911**	**800 728**
As at January 1, 2016	**714**	**(21 212)**	**765 315**	**55 911**	**800 728**
Comprehensive Income					
Profit for the period	-	-	-	45 799	**45 799**
Total Comprehensive Income	**-**	**-**	**-**	**45 799**	**45 799**
Transactions with shareholders					
Change in share option plan for employees	-	-	(20 525)	-	**(20 525)**
Transfer of own shares	-	60 168	-	-	**60 168**
Purchase of own shares	-	(50 079)	-	-	**(50 079)**
Total of transactions with shareholders	**-**	**10 089**	**20 525**	**-**	**(10 436)**
As at December 31, 2016	**714**	**(11 123)**	**744 790**	**101 710**	**836 091**

** Changes in presentation due to the significant increase in transactions concerning shares and other related share option program*

1 Company overview and significant accounting policies

(a) Background

AmRest Holdings SE ("the Company", "AmRest", "Equity holders of the parent") 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 registered the new registered office of AmRest in the National Court Register. The address of the Company's new registered office is: pl. Grunwaldzki 25-27, Wrocław (50-365), Poland.The Court also registered amendments to the Company's Memorandum of Association related to the transfer of the registered office of AmRest to Poland.

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

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

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

The principal activity of the subsidiaries is operating Kentucky Fried Chicken ("KFC"), Pizza Hut, Burger King and Starbucks restaurants through its subsidiaries in Poland, the Czech Republic (further Czech), Hungary, Slovakia, Russia, Serbia, Croatia, Bulgaria, Romania and Spain, on the basis of franchises granted. In Spain, France, Germany and China the Group operates its own brands La Tagliatella, Trastevere and il Pastificio. This business is based on the franchise agreements signed with non related companies and own restaurants. It is supported by the central kitchen which produces and delivers products to the whole network of own brands. Additionally, in China since December 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, 2016, FCapital Dutch B.V. was the largest shareholder of AmRest and held 61.85% of its shares and voting rights. The parent entity of the Group on the top level is Grupo Finaccess.

These financial statements were authorized by the Management Board on March 16, 2017.

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

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union for annual financial reporting, in force as at December 31, 2016.

At the date of the authorisation of these separate financial statements, in light of the current process of IFRS endorsement in the European Union, and taking into account Company's operations there are no discrepancies between the accounting policies adopted by the Company and the standards referred to above. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB").

- **Defined Benefit Plans: Employee Contributions - Amendments to IAS 19**

  The amendment changes to IAS 19 Employee Contributions was issued in November 2013.
  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.

  Amendments had no significant impact on the consolidated financial statements of Company.

- **IFRS 9 "Financial Instruments"**

  IFRS 9 replaces IAS 39 and will be effective for annual periods beginning on or after 1 January 2018.
  IFRS 9 introduces one model, according to which financial as sets are required to be classified into two measurement categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost.
  Classification on initial recognition is driven by the entity's business model for managing the financial assets and the contractual cash flows characteristics. IFRS 9 introduces a new model for the recognition of impairment loss es – the expected credit losses (ECL) model.
  Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
  Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.
  The Company will apply these amendments to IFRS from 1 January 2018.
  The Company considers this change will not have a significant impact on the separate financial statements.

- **Amendments to IFRS 2010-2012**

International Accounting Standards Board has published in December 2013 "Improvements to IFRSs 2010-2012" which amend 7 standards. The amendments include changes in presentation, recognition and valuation and include terminology and editorial changes.

Amendments had no significant impact on the separate financial statements of Company.

- **IFRS 14 "Regulatory Deferral Accounts"**

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

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

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

Amendments had no impact on the separate financial statements of Company.

- **Amendments to IAS 16 and IAS 38 concerning Depreciation**

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

Amendments had no impact on the separate financial statements of Company.

- **IFRS 15 "Revenue from Contracts with Customers"**

IFRS 15 was published by the International Accounting Standards Board on 28 May 2014 and is effective for annual periods beginning on or after 1 January 2018 or after that date.
The principles set out in IFRS 15 will apply to all contracts resulting in revenue. The fundamental principle of the new standard is to recognize revenue at the time of the transfer of goods or services to the client, in the amount of the transaction price. Any goods or services sold in packages that can be distinguished in the package, should be recognized separately, moreover, any discounts and rebates on the transaction price should in principle be allocated to the various elements of the package. If the amount of revenue is variable, according to the new standard for the amount of variables are included in the income, if there is a high probability that in the future there will be no reversal of the recognition of income as a result of revaluation. Furthermore, in accordance with IFRS 15 costs incurred to acquire and secure a contract with the customer must be activated and deferred for a period of consumption of the benefits of this contract.
The Company will apply IFRS 15 from 1 January 2018. The Company considers this change will not have a significant impact on the separate financial statements.

- **Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41**

The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Amendments had no impact on the separate financial statements of Company.

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

The amendments in IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Amendments had no impact on the separate financial statements of Company.

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

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss, considering the interests of other investors, is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.
The amendments were published on 11 September 2014 and will be effective for annual periods beginning on or after a date to be determined by the IASB.

At the date of preparation of these separate financial statements, this change has not yet been approved by the European Union. Company has not yet completed its assessment of the impact of the amendments on separate financial statements.

- **Amendments to IFRS 2012-2014**

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

Amendments had no impact on the separate financial statements of Company.

- **Amendments to IAS 1**

In December 2014 in result of the works on so-called initiative on disclosure, the International Accounting Standards Board an amendment to IAS 1 issued. The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The revised IAS 1 explained that the items presented in the statement of financial position and statement of results and other comprehensive income may be aggregated or disaggregated according to their relevance. It also introduced additional guidance relating to the presentation of subtotals in these statements.

Amendments had no significant impact on the separate financial statements of Company.

- **IFRS 16 “Leases”**

IFRS 16 “Leases” was issued on January 13, 2016 and is effective for annual periods beginning on or after 1 January 2019.
The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a

term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company will apply the change accordingly to IASB resolutions.
The Company is currently assessing the impact of the amendments on its financial statements. Taking into considaration large scale and value of signed lease agreements, the Company expects a significant impact of the implementation of standard on the separate financial statements.
At the date of preparation of these separate financial statements, this standard has not yet been approved by the European Union.

- **Recognition of Deferred Tax Assets for Unrealised Losses - amendments to IAS 12**

The amendment has clarified the requirements on recognition of deferred tax assets for unrealised losses on debt instruments. The entity will have to recognise deferred tax asset for unrealised losses that arise as a result of discounting cash flows of debt instruments at market interest rates, even if it expects to hold the instrument to maturity and no tax will be payable upon collecting the principal amount. The economic benefit embodied in the deferred tax asset arises from the ability of the holder of the debt instrument to achieve future gains (unwinding of the effects of discounting) without paying taxes on those gains.
The amendments are effective for annual periods beginning on or after 1 January 2017.
At the date of preparation of these separate financial statements, this change has not yet been approved by the European Union. Company will apply those amendments once endorsed by EU. The Company considers thses amendments will not have a significant impact on the separate financial statements.

- **Disclosure Initiative - Amendments to IAS 7**

Amendments to IAS 7 are effective for annual periods beginning on or after 1 January 2017. The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities.
At the ate of preparation of these separate financial statements, this change has not yet been approved by the European Union. Company will apply those amendments once endorsed by EU. The Company considers thses amendments will not have a significant impact on the separate financial statements.

- **Amendments to IFRS 2 Share-based Payment – classification and valuation of share based payments**

Amendments were issued on 20 June 2016 and are effective for annual periods beginning on or after 1 January 2018. The amendments mean that non-market performance vesting conditions will impact measurement of cash-settled share-based payment transactions in the same manner as equity-settled awards. The amendments also clarify classification of a transaction with a net settlement feature in which the entity withholds a specified portion of the equity instruments, that would otherwise be issued to the counterparty upon exercise (or vesting), in return for settling the counterparty's tax obligation that is associated with the share-based payment. Such arrangements will be classified as equity-settled in their entirety.
Finally, the amendments also clarify accounting for cash-settled share based payments that are modified to become equity-settled, as follows (a) the share-based payment is measured by reference to the modification-date fair value of the equity instruments granted as a result of the modification; (b) the liability is derecognised upon the modification, (c) the equity-settled share-based payment is recognised to the extent that the services have been rendered up to the modification date, and (d) the difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date is recorded in profit or loss immediately.
At the date of preparation of these separate financial statements, these amendments have not yet been approved by the European Union. Company will apply those amendments once endorsed by EU. Company has not yet completed its assessment of the impact of the amendments on separate financial statements.

- **Amendments to IFRS 4- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the replacement Standard that the IASB is developing for IFRS 4. The amendments to IFRS 4 supplement existing options in the Standard that can already be used to address the temporary volatility in insurance sector.

At the ate of preparation of these separate financial statements, this change has not yet been approved by the European Union. Company will apply those amendments once endorsed by EU. The Company considers those amendments will not have a significant impact on the separate financial statements.

- **Annual Improvements to IFRSs 2014-2016 cycle**

Amendments were issued on 8 December 2016 and impact three standards IFRS 12, IFRS 1 and IAS 28.
The amendments include claryficationad and changes to the scope, valuation, recognition of standards and editorial improvements.

At the date of preparation of these separate financial statements, these amendments have not yet been approved by the European Union. Company will apply those amendments once endorsed by EU. Company has not yet completed its assessment of the impact of the amendments on separate financial statements.

- **Amendments to IAS 40 Transfers of Investment Property**

The amendments clarify the requirements on transfers to, or from, investment property in respect of properties under construction. Changes are effective for annual periods beginning on or after 1 January 2018.

At the date of preparation of these separate financial statements, these amendments have not yet been approved by the European Union. Company will apply those amendments once endorsed by EU. Company has not yet completed its assessment of the impact of the amendments on separate financial statements.

- **IFRIC 22 - Foreign Currency Transactions and Advance Consideration**

The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. Interpretation applies for annual periods beginning on or after 1 January 2018.

At the date of preparation of these separate financial statements, these amendments have not yet been approved by the European Union. Company will apply those amendments once endorsed by EU. Company has not yet completed its assessment of the impact of the amendments on separate financial statements.

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

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

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

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

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

(d) Going concern assumption

Information presented below should be read together with information provided in Note 12 and 16, describing accordingly: contingencies, and significant post balance sheet events after December 31, 2016.

Annual separate financial statements for the period of 12 months ended December 31, 2016 were prepared in accordance with going concern assumption by the Entity in foreseeable future, what assumes realization of assets and liabilities throughout the normal terms of business operations. Annual separate financial statements does not account for adjustments, which would be essential in such events. As at the date of annual separate financial statements issuance in assessment made by Management Board Entity there are no circumstances indicating threats for business going concern of the Entity and any related party in AmRest Group as well.

(e) Property, plant and equipment

Property, plant and equipment owned by the Company

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

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

(f) Intangible assets

Computer software

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

Amortization

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

The expected useful lives of assets are as follows:

- Computer software 3 -5 years

(g) Financial assets – investments in subsidiaries

Investments in subsidiaries

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

The value of shares is further adjusted by the amount of the costs arising from the share option plan (options granted to employees of subsidiaries).

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

Available-for-sale financial assets

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

Financial assets at fair value profit or loss

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

Financial assets held to maturity

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

Loans and receivables

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

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

(h) Trade and other receivables

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

(i) Cash and cash equivalents

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

(j) Impairment

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

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

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

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

Reversal of impairment write-downs

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

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

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

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

(k) Equity

Ordinary shares are classified as equity.

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

The supplementary capital comprises of:

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

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

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

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

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

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

(m) Employee benefits

Share-based compensation

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

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

In 2014 the share-based payment plans (plan 2) were modified so that it may be settled in cash instead of shares. As a result the group re-measures the liability at the date of change using the modification date fair value of the equity-settled award or the present value of the future cash outflows, based on the elapsed portion of the vesting period.

The subsequent settlement of the liability follows the requirements for a cash-settled share-based payment.

The Company incurred a liability measured at fair value, taking into account the period of service / vesting period, and any changes in value are recognized in investments at the end of the period.

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

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

(n) Trade and other payables

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

(o) Currency and exchange differences

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

(p) Income tax expense

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

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

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

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

(r) Other operating income and expenses

Other operating income and expenses include recurrent, indirect revenue and costs related only to the actual operational business of the Company (ie. core, statutory activities). This kind of business include among others: revenue resulting from re-invoicing of costs of realized share options to the related entities, cost of impaired assets, cost of issued own shares, results on fixed assets disposed.

(s) Financial cost and income

Financial costs and income include any benefits incurred from the possession, lending or sales of the financial assets to third parties (dividends, interest, discounts, increase in the fair value of the financial assets) and any fees charged by third parties for any monetary assets or any equivalents of the monetary assets borrowed from these

(in PLN thousands unless stated otherwise)

third parties resulting with the recognition of the financial liabilities (interest, provisions, discounts) as well as the loss resulting from the recognition of the decrease in the fair value of the financial assets.
Financial income and costs include also balance of positive and negative foreign exchange differences, both recognized in the repayments of the foreign currency liabilities as well as the valuation of the foreign currency assets and liabilities, excluding foreign exchange differences impacting the purchase price of the produced assets they relate to.

2 Investments in subsidiaries

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

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

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

As at December 31, 2016, Company carried test for entities: Blue Horizon Hospitality Group PTE Ltd. and AmRest EOOD. There were no conditions for testing of shares in other companies. According to the assumptions mentioned above, Company did not carry test for AmRest Sp. z o.o.

	Chiny	Bulgaria
	2016	
Discount rate before tax	11,12%	9,48%
Budgeted average EBITDA margin	11,69%	10,00%
Expected long-term growth rate used for the calculation of planned future results	17,70%	25,31%

If discount rates in period of 12 months ended December 31, 2016 were bigger/smaller by 3 percentage points, it would not result in recognition of additional impairment provision.

If EBITDA in period of 12 months ended December 31, 2016 were bigger/smaller by 3 percentage points, it would not result in recognition of additional impairment provision.

The discount rate adopted for the calculation is the average cost of capital before tax for the particular currencies.

The table below presents the number and value of the shares owned by the Company in its subsidiaries as at December 31, 2016 and as at December 31, 2015.

	December 31, 2016		**December 31, 2015**	
	Interest ownership	Value of Shares	Interest ownership	Value of Shares
AmRest Sp. z o.o. (Poland)[(a)]	100,00%	590 513	100,00%	591 764
AmRest s.r.o. (Czech Republik)	100,00%	33 573	100,00%	33 573

AmRest Acquisition Subsidiary (USA)	100,00%	146 962	100,00%	146 954
AmRest EOOD (Bulgaria)	100,00%	14 388	100,00%	14 388
AmRest FSVC LLC [b]	100,00%	-	-	1 362
Blue Horizon Hospitality Group PTE Ltd. (Chiny)[d]	67,56%	112 657	62,33%	102 811
Total	**-**	**898 093**	**-**	**890 852**

(a) The value of investment in AmRest Sp. z o.o. was increased by 18 280 TPLN and decreased by 19 530 TPLN by capitalized costs of the share option plan (share options granted to the employees of the subsidiaries).

(b) On January 25,2016 Company took a resolution of increase of share capital in AmRest FSVC LLC in amount of TUSD 60. On February 8, 2016 Company took a resolution of increase of share capital in AmRest FSVC LLC in amount of TUSD 200. On April 18, 2016 Company took a resolution of increase of share capital in AmRest FSVC LLC in amount of TUSD 500. On June 15, 2016 Company took a resolution of increase of share capital in AmRest FSVC LLC in amount of TUSD 165. On August 22, 2016 Company took a resolution of increase of share capital in AmRest FSVC LLC in amount of TUSD 100. On October 4, 2016 Company took a resolution of increase of share capital in AmRest FSVC LLC in amount of TUSD 100. On November 4, 2016 Company took a resolution of increase of share capital in AmRest FSVC LLC in amount of TUSD 100. At the end of the year Company made an impairment on shares in AmRest FSVC LCC in amount of 6 134 TPLN.

(c) On October 14, 2016 Company passed a resolution of purchase share from Coralie Danks in Blue Horizon Hospitality PTE LTD which resulted additional 5.23% of shares.

On February 24, 2017, the resolution about a purchase of Blue Horizon Hospitality Group PTE Ltd shares from minority shareholders was passed. As a result, AmRest Holdings SE purchased 32.44% additional shares and from that date became a sole owner of the company.

3 Other financial assets

As at December 31, 2016 and December 31, 2015, the balances of other financial assets were as follows:

Other long-term financial assets	December 31, 2016	December 31, 2015
Loans given	174 314	174 200
Total of other long-term financial assets	**174 314**	**174 200**

Other short-term financial assets	December 31, 2016	December 31, 2015
Loans given	8 963	8 019
Total of other short-term financial assets	**8 963**	**8 019**

(in PLN thousands unless stated otherwise)

The Entity provided subsidiaries with the loans specified as below:

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 December 31, 2018. In 2016 AmRest Sp. z o.o. didn’t repaid the loan. The balance at the end of December 2016 is 174 200 TPLN.

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

The loan agreement was signed on November 19, 2012. By December 31, 2016 the principal amount of the loan with all accrued interest was not repaid. The company recognized an impairment at the end of the 2015 in the value of the loan including accrued interest. The company recognized an impairment at the end of the 2016 in the value of accrued interest in 2016.

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

The loan agreement was signed on September 5, 2013. By December 31, 2016 the principal amount of the loan with all accrued interest was not repaid. The company recognized an impairment at the end of the 2015 in the value of the loan including accrued interest. The company recognized an impairment at the end of the 2016 in the value of accrued interest in 2016.

Borrower	- Blue Horizon Hospitality Group PTE LTD
Loan amount	- 1 085 thousands USD
Interest rate	- fixed

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

By December 31, 2016 the principal amount of the loan with all accrued interest was not repaid.

Borrower	- Blue Horizon Hospitality Group PTE LTD
Loan amount	- 844 thousands USD
Interest rate	- fixed

The loan agreement was signed on March 25, 2015.In accordance with the agreement the interest will be calculated and paid on a quarterly basis till 25-th day of the last month of the quarter. The principal amount of the loan will be repaid till March 25, 2016. By December 31, 2016 the principal amount of the loan with all accrued interest was not repaid.

(in PLN thousands unless stated otherwise)

The table below presents the change of loan value during the twelve months period ended December 31, 2016:

As at January 1, 2016	**182 219**
Including:	
Short – term loans	**8 019**
Long – term loans	**174 200**
Change of loan value during the twelve months period ended December 31, 2016:	
Loans granted (sett-off-agreement)	111
Interest accrued	9 741
Loan repayment	(9 088)
Impairment of loans	(224)
WHT Tax	(67)
Exchange rate differences (financial income)	585
As at December 31, 2016	**182 277**
Including:	
Short – term loans	**8 963**
Long – term loans	**174 314**

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

4 Liabilities

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 15 000 bonds in total nominal value of PLN 150 million. Agreement was signed for agreed period till July 9, 2015 with period extension options till repayment of all issued bonds.

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

On June 18, 2013 bonds in the amount of PLN 140 million were issued under the new agreement. The issue is part of a plan to diversify financing sources of AmRest. Bonds are issued with variable interest rate 6M WIBOR increased by a margin and are due on June 30, 2018. Interest is paid on semi-annual basis (June 30 and December 30), beginning December 30 2013. Group is required to maintain certain financial ratios (net debt/EBITDA, equity/total assets, EBITDA/interest charge) at levels agreed in the Emission Terms dated June 18, 2013 (accordingly: <3.5; >3.5; >0.3). There are no additional securities on the bond issue.

On September 10th 2014 AmRest made an early redemption of bonds for the total value of PLN 131,5m. At the same time, AmRest issued 14 000 bonds in the total nominal value of PLN 140m with maturity date September 10th 2019. The bonds have a variable interest rate of 6M WIBOR increased by margin. The interest is paid semi-annually (on June 30th and December 30th). Group is required to maintain certain financial ratios (net debt/EBITDA, equity/total assets, EBITDA/interest charge) at levels agreed in the Emission Terms dated September 10, 2014 (accordingly: <3.5; >3.5; >0.3). There are no additional securities on the bond issue.

(in PLN thousands unless stated otherwise)

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

As at December, 31 2016 the payables concerning bonds issued are PLN 279 491 thousand.

The bonds were issued to finance the investment activities of the Group.

The table below presents the change of borrowings value during the twelve months period ended December 31, 2016:

As at January 1, 2016	**279 157**
Including:	-
Short – term	
Long – term	**279 157**
Change of borrowing value during the twelve months period ended December 31, 2016:	
Issuing bonds costs	326
Discount	11 674
Interest paid	(11 666)
As at December 31, 2016	**279 491**
Including:	
Short – term	**8**
Long – term	**279 483**

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

On May 6, 2016 an Annex to the Agreement was signed introducing an amended and restated version of the credit agreement („the Amended Agreement").

Based on the Amended Agreement, the Lenders granted the Borrowers an additional credit tranche in the amount of EUR 50 million and increase revolving credit tranche by PLN 100 million.

Based on the Agreement the Lenders granted to the Borrowers a credit facility in the approximated amount of EUR 250 million. All Borrowers bear joint liability for any obligations resulting from the Agreement.

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

5 Trade and other receivables

As at December 31, 2016 and December 31, 2015 Company has receivables of following characteristics:

Receivables descriptions	**December 31, 2016**	**December 31, 2015**
Receivables from related party – AmRest Sp. z o.o. cash pooling	21 640	2 743

(in PLN thousands unless stated otherwise)

Receivables from re-invoicing SOP/MIP – AmRest s.r.o.	-	563
Receivables from re-invoicing SOP/MIP – AmRest Sp. z o.o.	18 216	13 377
Receivables from re-invoicing SOP/MIP – OOO AmRest	-	12
Receivables from re-invoicing SOP/MIP – AmRest GmbH	-	11
Receivables from re-invoicing SOP/MIP – Restauravia Food	2	-
Receivables from related party employees related to the share option plan	2 615	6
Tax receivables	81	744
Other receivables	-	6
Total of receivables	**42 554**	**17 462**

6 Employee benefits and share option plans

As at December 31, 2016 and December 31, 2015 Company has trade and other payables of following characteristics:

Payables descriptions	**December 31, 2016**	**December 31, 2015**
Liabilities for accounting services, Legal – AmRest Sp. z o.o.	44	10
Liabilities for the management services – AmRest LLC	93	87
Liabilities resolution of the capital increase – AmRest HK Limited	102	-
Liabilities to third parties	5 609	989
Other Liabilities	2 070	2 313
Total of receivables	**7 918**	**3 399**

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.

In November 2014, Supervisory Board of Group parent entity approved and changed wording of regulations by adding net cash settlement of option value. Change this resulted in recognition of employee options cash liability in the value of PLN 11.255 thousands as at December 31, 2016 according to policy. As at December 31, 2015 liablity was recognised in the value of PLN 21.629 thousands.

Employee share option plan 3

(in PLN thousands unless stated otherwise)

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.

As at December 31, 2016 PLN 7.399 thousands of liabilities were presented in supplementary capital according to policy.

Value of liability for Employee share option plan as at December 31,2016 and December 31, 2015 was presented below:

	31.12.2016	31.12.2015
Liability for Employee share option plan 2	11 255	21 629
	11 255	**21 629**

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 2				
30 April 2005	79.300	5 years, gradually, 20% per annum	24.0	10 years
30 April 2006	75.000	5 years, gradually, 20% per annum	48.4	10 years
30 April 2007	89.150	5 years, gradually, 20% per annum	96.5	10 years
30 April 2008	105.250	5 years, gradually, 20% per annum	86.0	10 years
12 June 2008	20.000	5 years, gradually, 20% per annum	72.5	10 years
22 August 2008	1.000	5 years, gradually, 20% per annum	65.4	10 years
30 April 2009	102.370	5 years, gradually, 20% per annum	47.6	10 years
10 May 2009	3.000	5 years, gradually, 20% per annum	73.0	10 years
30 April 2010	119.375	5 years, gradually, 20% per annum	70.0	10 years
30 April 2010	7.975	5 years, gradually, 20% per annum	70.0	10 years
20 June 2011	105.090	5 years, gradually, 20% per annum	78.0	10 years
5 September 2011	1.000	5 years, gradually, 20% per annum	70.6	10 years
30 April 2012	81.500	5 years, gradually, 20% per annum	70.0	10 years
30 April 2013	91.700	5 years, gradually, 20% per annum	81.0	10 years
30 April 2014	79.830	5 years, gradually, 20% per annum	81.0	10 years
9 December 2015	127.865	5 years, gradually, 20% per annum	130.9	10 years
30 June 2016	142.960	5 years, gradually, 20% per annum	223,5	10 years
Total	1.232.365			
Plan 3				
13 December 2011	616.000	3 years, gradually, 33% per annum	61.00	10 years
8 October 2012	259.000	3 years, gradually, 33% per annum	64.89	10 years
16 January 2014	215.000	3 years, gradually, 33% per annum	67.43	10 years
8 July 2014	50.000	3 years, gradually, 33% per annum	61.00	10 years
1 October 2014	90.000	3 years, gradually, 33% per annum	82.10	10 years
30 November 2014	30.000	3 years, gradually, 33% per annum	61.00	10 years
Total	1.260.000			

(in PLN thousands unless stated otherwise)

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, 2016 and 2015.

	Weighted average option exercise price	Number of options Plan 3	Number of options Plan 2	Weighted average option exercise price	Number of options Plan 3	Number of options Plan 2	Number of options Plan 1
	2016			2015			
At the beginning of the period	PLN 67,24	659 999	403 649	PLN 67.24	1 030 000	544 506	-
Utilized during the period	PLN 90,26	(254 997)	(111 575)	PLN 78.84	(260 001)	(241 179)	-
Redeemed during the period	PLN 110,74	-	(9 150)	PLN 65.97	(110 000)	(27 543)	-
Awarded during the period	PLN 223,50	-	142 960	PLN 130.90	-	127 865	-
At the end of the period	PLN 61,38	405 002	425 884	PLN 81.34	659 999	403 649	-
Available for exercising as at the end of the period	PLN 65,34	253 334	97 358	PLN 64.86	476 666	139 455	-

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

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

Issued in period		Average fair value of option as at the date of award	Average price of share at the date of measurement/award	Average exercise price	Expected fluctuations of share prices (expressed as the weighted average fluctuation in share prices used in the trinomial	Expected term to maturity of the options (expressed as the weighted average period to maturity of the options used in the trinomial model)	Expected dividend (as of 2009)	Risk-free interest rate (based on Treasury bills)
from 1/1/2014 to 31/12/2014	Plan 3	PLN 26.73	PLN 64.65	PLN 64.65	36%	10 years	-	3.50%
from 1/1/2012 to 31/12/2012	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 1/1/2016 to 31/12/2016		PLN 112,05	PLN 223,50	PLN 223,50	37%	10 years	-	2,23%
from 1/1/2015 to 31/12/2015		PLN 103,98	PLN 195,95	PLN 130,90**	24%	10 years	-	2.37%
from 1/1/2014 to 31/12/2014		PLN 50,87	PLN 81.82	PLN 81.00	36%	10 years	-	3.50%
from 1/1/2013 to 31/12/2013		PLN 41.34	PLN 81.00	PLN 81.00	34%	10 years	-	3.50%
from 1/1/2012 to 31/12/2012		PLN 39.62	PLN 70.00	PLN 70.00	37%	10 years	-	5.36%

(in PLN thousands unless stated otherwise)

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		PLN 42.61	PLN 70.00	PLN 70.00	40%	10 years	-	5.51%
from 1/1/2009 to 31/12/2009		PLN 27.38	PLN 48.32	PLN 48.32	41%	7.6 years	-	5.80%
from 1/1/2008 to 31/12/2008		PLN 29.81	PLN 83.8	PLN 83.8	37%	8.9 years	18.80%	5.80%
from 1/1/2007 to 31/12/2007		PLN 36.09	PLN 96.5	PLN 96.5	33%	9.9 years	18.80%	5.50%
from 1/1/2006 to 31/12/2006		PLN 15.5	PLN 48.3	PLN 48.3	31%	9.9 years	18.80%	4.98%
from 1/1/2005 to 31/12/2005		PLN 8.9	PLN 25.7	PLN 24.0	40%	9.9 years	18.80%	4.50%

* 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), 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.

**Option plan grant price are set in April, when market price was in the range of grant price 130 PLN set in 2015. Grant date got postponed due the documentation issues.

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.

The costs recognized in connection with the plans relating to share-based payments for the period of twelve months ending on December 31, 2016 and 2015 respectively are presented below:

	December 31, 2016	**December 31, 2015**
Value of employee services	(1 250)	(684)
	(1 250)	**(684)**

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, 2016, 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 16, 2017 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:

(in PLN thousands unless stated otherwise)

Shareholders	Shares amount	Share in Equity%	Shares amount at AGM	Share at AGM%
FCapital Dutch B.V.*	13 121 152	61.85%	13 121 152	61.85%
Nationale-Nederlanden OFE**	2 034 893	9.59%	2 034 893	9.59%
Gosha Holding S.à.r.l.***	1 242 056	5.85%	1 242 056	5.85%
Other shareholders	4 815 792	22.70%	4 815 792	22.70%

* FCapital Dutch B. V. is the dominant entity of FCapital Lux (previously Cullinan S.à.r.l.) (holding 6 394 362 AmRest shares) and the subsidiary of Finaccess Capital, S.A. de C.V. Grupo Finacces SAPI de CV is the directly dominant entity of Finaccess Capital, S.A. de C.V. and a subsidiary of Grupo Far-Luca, S.A. de C.V. The directly dominant person of Grupo Far-Luca, S.A. de C.V., Mr. Carlos Fernández González, is the Supervisory Board member of AmRest.

** The previous name: ING OFE

*** Gosha Holding S.à.r.l. is the entity which is connected with Mr Henry McGovern and Mr Steven Kent Winegar, Supervisory Board members of AmRest.

Reserves

Structure of the reserved capital is as follows:

	December 31, 2016	December 31, 2015
Share premium	786 911	786 911
The provision for stock option program 2	14 043	128
The provision for stock option program 3	7 399	12 496
The value of exercised options	(35 158)	(5 815)
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)
Net profit for treasury shares for the period 2012-2014	(3 424)	(3 424)
Purchase of treasury shares	(11 123)	(21 212)
Other	47	47
Total supplementary capital	**733 667**	**744 103**

Retained earnings

Retained Earnings of an 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 2016 year (as it was disclosed in statement of changes in equity) were realized transaction on treasury shares for existing stock option plans amounting PLN 10 089 thousand (respectively in 2015 17 198 TPLN).

According to the 5th resolution of Annual Shareholders Meeting dated June 7, 2016. The company decided that the profit for the financial year 2015 in the amount of 647 TPLN will be allocated to increase the Company's supplementary capital. The company decided to presenting in the separate financial statements the results of previous year in retained earnings, which, in accordance with the resolutions of the General Meeting of Shareholders shall be applied to other categories of capital.

8 Cash and cash equivalents

	December, 31 2016	December, 31 2015
Cash at bank	11 139	14 011
Cash in hand	-	1
	11 139	**14 012**

(in PLN thousands unless stated otherwise)

Reconciliation of working capital changes as at December 31, 2016 and December 31, 2015 is presented in the table below:

2016	The balance sheet change	Elimination of settlements of the share option plan for employees	Other liabilities and paid Invoices for intangible assets	Working capital changes
Change in receivables	(25 836)	8 098	-	(17 738)
Change in other assets	65	-	-	65
Change in payables and other liabilities	(5 190)	10 374	(606)	4 578

2015	The balance sheet change	Changing the share option plan for employees	Unpaid invoices for intangible assets	Working capital changes
Change in receivables	(12 629)	18 339	-	5 710
Change in other assets	(64)	-	-	(64)
Change in payables and other liabilities	(11 514)	(13 310)	304	2 100

9 Finance income and expenses and other operating income and expenses

Finance income and expenses

	12 months ended December 31, 2016	12 months ended December 31, 2015
Interest income	10 107	11 215
Dividends received	21 750	6 606
Other financial income	13	-
Net exchange rate gains	497	327
Finance income, total	**32 367**	**18 148**
Interest expense	(11 674)	(12 082)
Other	(327)	(632)
Finance expenses, total	**(12 001)**	**(12 714)**

Other operating income and expenses

(in PLN thousands unless stated otherwise)

	12 months ended December 31, 2016	12 months ended December 31, 2015
The result on the execution of stock option by employees of subsidiaries*	35 559	12 127
Revenues from re-invoicing	5	1 298
Writs-off	-	96
Other operation incomes	-	-
Other operating income, total	**35 564**	**13 521**
Impairment on loans granted	(224)	(4 444)
Impairment of investments	(6 342)	(323)
Liquidated value of intangible assets	(32)	-
Impairment on receivables	(1 231)	(6 152)
Other operating expenses, total	**(7 829)**	**(10 919)**

** The result on the execution of stock option by employees of subsidiaries consist of the following items:*
- for 2016 years revenue from re-invoicing of services based on own shares to affiliated companies in the amount of TPLN *55.089 thousand. PLN reduced by the amount of* TPLN *19.530 - the value of the costs arising from the share option plan (options granted to employees of subsidiaries).*
- for 2015 years revenue from re-invoicing of services based on own shares to affiliated companies in the amount of TPLN *28.857 thousand. PLN reduced by the amount of TPLN 16.730 - the value for the costs arising from the share option plan (options granted to employees of subsidiaries*

10 Income Tax

	12 months ended December 31, 2016	12 months ended December 31, 2015
Corporate income tax - current period	339	523
Change in deferred tax assets/liabilities	45	56
Income tax recognized in the income statement	**383**	**579**

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, 2016	December 31, 2015
Deferred tax asset to be recovered within 12 months	229	224
Deferred tax asset:	**229**	**224**

	December 31, 2016	December 31, 2015
Deferred tax liabilities to be used within 12 months	601	551
Deferred tax liabilities:	**601**	**551**

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

(in PLN thousands unless stated otherwise)

	December 31, 2016	December 31, 2015
Intangible assets	22	25
Other financial assets	-	-
Other financial liabilities	579	527
Trade and other payables	(17)	(13)
Tax loss carried forwards	(212)	(221)
Deferred tax asset	**-**	**-**
Deferred tax liabilities	**372**	**327**

As at December 31, 2016, tax loss carried forward are as follows:

	December 31, 2016	December 31, 2015
Tax loss	1 114	1 114
Tax loss, total	**1 114**	**1 114**

11 Related party transaction

As at December 31, 2016 the Group of which the Company is a parent consisted of the following subsidiaries (direct and indirect):

Company name	Seat	Parent/non-controlling undertaking	Ownership interest and total vote	Date of effective control
	Holding activity			
AmRest Acquisition Subsidiary Inc.	Birkirkara, Malta	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U. AmRest TAG S.L.U.	16.52% 83.48%	April 2011
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	100.00%	September 2011
Blue Horizon Hospitality Group PTE Ltd**	Singapore, China	AmRest Holdings SE WT Equities BHHG MJJP	67.56% 14.10% 14.10% 4.24%	December 2012
Bigsky Hospitality Group Ltd	Hong Kong, Chiny	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Apia, Samoa	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants (BVI)	Road Town, Tortola, BVI	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012

(in PLN thousands unless stated otherwise)

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Kai Fu Restaurant Management (Shanghai) Co., Ltd.	Shanghai, China	Blue Frog Food&Beverage Management Ltd	100,00%	December 2016
		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.	0.22%	July 2007
		AmRest Sp. z o.o.	99.78%	
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
Pastificio S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011
AmRest Restaurant Management Co. Ltd	Shanghai, China	AmRest HK Ltd	100.00%	November 2012
AmRest Adria d.o.o.	Zagreb, Croatia	AmRest Sp. z o.o.	100.00%	October 2011
AmRest GmbH*	Cologne, Germany	AmRestavia S.L.U.	100.00%	March 2012
AmRest SAS	Lyon, France	AmRestavia S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Shanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 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)	100.00%	December 2012
AmRest Skyline GmbH	Cologne, Germany	AmRestavia S.L.U.	100.00%	October 2013
Kai Zhen Food and Beverage Management (Shanghai) Ltd.	Shanghai, China	BlueFrog Food&Beverage Management Ltd	100.00%	March 2014
AmRest Coffee EOOD	Sofia, Bulgaria	AmRest Sp.z o.o.	100.00%	June 2015

(in PLN thousands unless stated otherwise)

Company name	**Seat**	**Parent/non-controlling undertaking**	**Owner-ship interest and total vote**	**Date of effective control**
AmRest Coffe S.r.l.	Bucharest, Romania	AmRest Sp. z o.o.	100.00%	June 2015
AmRest Coffee SK s.r.o.	Bratislava, Slovakia	AmRest s.r.o.	99.00%	December 2015
		AmRest Sp. z o.o.	1.00%	
AmRest Coffee Deutschland Sp. z o.o. & Co. KG	Munich, Germany	AmRest Kaffee Sp. z o.o.	85.00%	May 2016
		AmRest Capital Zrt	15.00%	
AmRest DE Sp. z o.o. & Co. KG	Berlin, Germany	AmRest Kaffee Sp. z o.o.	100.00%	December 2016
The Grill Concept S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	December 2016
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
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o	100.00%	March 2012
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
AmRest FSVC, LLC	Wilmington, USA	AmRest Holdings SE	100,00%	November 2014
AmRest Kaffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o	100.00%	March 2016
Supply services for restaurants operated by the Group				
SCM Sp. z o.o.	Chotomow, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		R&d Sp. z o.o.	43.80%	
		Beata Cylny	5.00%	
		Zbigniew Cylny	0.20%	
Activita Sp. z o.o.	Warsaw, Poland	SCM Sp. z o.o.	100,00%	October 2014

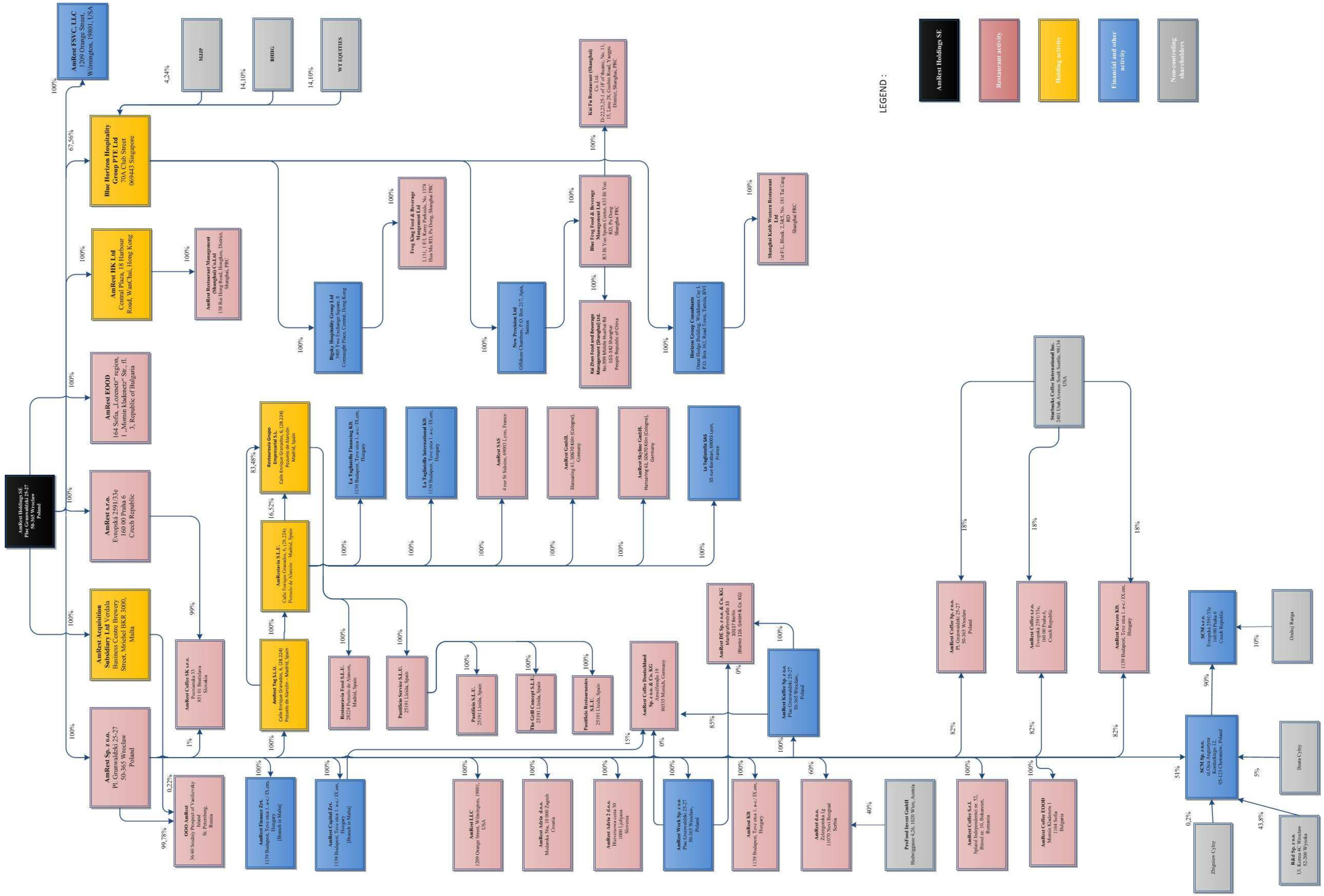
* On November 25, 2016 Amrestavia, S.L.U., the sole shareholder of AmRest GmbH, has decided to liquidate this company.

** On February 24, 2017, the resolution about a purchase of Blue Horizon Hospitality Group PTE Ltd shares from minority shareholders was passed. As a result, AmRest Holdings SE purchased 32.44% additional shares and from that date became a sole owner of the company.

As at December 31, 2016 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**	**Owner-ship interest and total Group vote**	**Date of acquisition**
SCM s.r.o.	Prague, Czech	Delivery services for restaurants provided to the Group	SCM Sp. z o.o.	45.90%	March 2007

The Group's office is in Wroclaw, Poland. At December 31, 2016 the restaurants operated by the Group are located in Poland, the Czech Republic, Hungary, Slovakia, Russia, Bulgaria, Romania, Serbia, Croatia, Spain, Germany, France and China.


LEGEND :
AmRest Holdings SE
Restaurant activity
Holding activity
Financial and other activity
Non-controlling shareholders
AmRest FSVC, LLC
Blue Horizon Hospitality Group PTE Ltd
AmRest HK Ltd
AmRest EOOD
AmRest s.r.o.
AmRest Acquisition Subsidiary Ltd
AmRest Sp. z o.o.

(in PLN thousands unless stated otherwise)

Related party transaction

Trade and other receivables from related entities

	December 31, 2016	December 31, 2015
AmRest s.r.o.	-	563
AmRest Sp. z o.o.	39 856	16 120
Restauravia Food S.L.U.	2	-
OOO AmRest	-	12
AmRest GmbH	-	11
Related party employees.	2 616	6
	42 474	**16 712**

Loans granted to related entities	December 31, 2016	December 31, 2015
AmRest Sp. z o.o.	174 200	174 200
AmRest s.r.o.	-	-
AmRest FSVC LLC	114	-
Blue Horizon Hospitality Group PTE LTD.	8 963	8 019
	183 277	**182 219**

Trade and other payables to related entities

	December 31, 2016	December 31, 2015
AmRest Sp. z o.o.	44	10
AmRest HK Ltd.	102	-
AmRest LLC	93	87
	239	**97**

Other operating income from related entities

	12 months ended December 31, 2016	12 months ended December 31, 2015
AmRest Sp. z o.o.*	32 780	5 802
Frog King & Beverage	-	10
AmRest s.r.o.	440	776
AmRest LLC	1 847	5 128
OOO AmRest	-	12
Blue Horizon Hospitality Group	1	-
AmRest Coffee Sp. z o.o.	396	118
SCM Sp. z o.o.	98	287
La Tagliatella LLC	-	1 375
AmRest GmbH.	-	13
Restauravia Food S.L.U	2	-
	35 564	**13 521**

** Balance of other operating income includes the following items:*
for 2016 years revenue from re-invoicing of services based on treasury shares in the amount of TPLN 52.306 and re-invoicing travel expenses in the amount of 4 PLN reduced by the amount of TPLN 19.530. - the value for the costs arising from the share option plan (options granted to employees of subsidiaries).

for 2015 years revenue from re-invoicing of services based on treasury shares in the amount of TPLN 22.514 and re-invoicing travel expenses in the amount of 18 PLNł reduced by the amount of TPLN 16.730 - the value for the costs arising from the share option plan (options granted to employees of subsidiaries).

(in PLN thousands unless stated otherwise)

Other operating cost – related entities	**12 months ended December 31, 2016**	**12 months ended December 31, 2015**
Frog King & Beverage – impairment	-	(21)
AmRest FSVC LLC	(6 134)	-
AmRest HK Ltd. – impairment	(432)	(4 808)
AmRest LLC - impairment	(1 231)	(6 090)
	(7 797)	**(10 919)**

General and administrative expenses – related entities	**12 months ended December 31, 2016**	**12 months ended December 31, 2015**
AmRest Sp. z o.o.	(64)	(110)
AmRest Coffee Sp. z o.o.	(1)	-
Blue Horizon Hospitality Group	(1)	-
	(66)	**(110)**

Financial income form related entities	**12 months ended December 31, 2016**	**12 months ended December 31, 2015**
AmRest Sp. z o.o. – interest	9 112	9 800
AmRest s.r.o. – interest	-	663
AmRest s.r.o. – dividend	21 750	6 606
AmRest HK Ltd. – interest	224	-
AmRest LLC – valuation	22	436
La Tagliatella LLC – valuation	-	11
AmRest Acquisition Subsidiary – interest, valuation	4	-
AmRest Finance S.L.	13	-
Blue Horizon Hospitality Group PTE LTD – interest, valuation	1 012	1 292
	32 137	**18 808**

Financial cost – related entities	**12 months ended December 31, 2016**	**12 months ended December 31, 2015**
La Tagliatella LLC - valuation	-	(12)
AmRest HK – valuation	-	(33)
Blue Horizon Hospitality Group PTE Ltd. – valuation	-	(2)
AmRest LLC – valuation	-	(410)
	-	**(457)**

Transactions with the management/ Management Board, Supervisory Board

Remuneration of the Management and Supervisory Board

	12 months ended December 31, 2016	**12 months ended December 31, 2015**
Remuneration of the Management and Supervisory Boards paid by the Company’s subsidiaries	12 950	9 620

Total remuneration of the Management Board and Supervisory Board	**12 950**	**9 620**

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 2.166 thousand and PLN 10.078 thousand respectively in the 12 month period ended December 31, 2016 and 2015.

		For the 12 months ended December 31, 2016	For the 12 months ended December 31, 2015
Number of options awarded		358 420	637 869
Number of available options		305 353	352 115
Fair value of options as at the moment of awarding	PLN	11 954 180	20 176 377

As at December 31, 2016 and as at December 31, 2015 there were no liabilities to former employees.

12 Commitments and contingencies

As at December 31, 2016 the Company didn't have commitments and contingencies.

13 Financial instruments

Fair value estimation

As at financial statement publishing date fair value of financial instruments which are in turnover on active market bases on market quotation. Fair value of financial instruments which aren't in turnover on active market is calculated by using valuation techniques.

The Company uses different methods and assumes assumptions based on market conditions as at each balance sheet date. Fair value of financial assets and investment property available for sale, which aren't in turnover on active market, is calculated with using sector indexes and last available information concerning the investment. Fair value of currency exchange rate option and forwards is calculated based on valuation made by banks which issued the instrument.

The following fair value valuations concerning financial instruments were used by the Company:

- quoted prices (not adjusted) from active markets for the same assets and liabilities (Level 1),
- input data different from quoted prices included in Level 1, which are observed for assets and liabilities directly (as prices) or indirectly (based on prices) (Level 2),
- input data for valuation of assets and liabilities, which don't base on possible to observe market data (input data not observed) (Level 3).

The table below presents financial instruments in the Company, which are not measured at fair value, in their book value and fair value, in division on classes and categories of assets and liabilities:

In thousands of Polish Zloty				**31.12.2016**		**31.12.2015**	
Financial instrument	**IAS 39 category**	**Fair value hierachy**	**Notes**	**Fair value**	**Book value**	**Fair value**	**Book value**
Other non-current financial assets	A	3	3	174 314	174 314	174 200	174 200
Other current financial assets	A	*	3	8 963	8 963	8 019	8 019

(in PLN thousands unless stated otherwise)

Trade and other receivables	A	*	5	42 554	42 554	16 718	16 718
Other current assets				79	79	144	144
Cash and cash equivalents	A	*	8	11 139	11 139	14 012	14 012
Non-current bonds liabilities	B	3	4	279 491	279 491	279 157	279 157
Trade and other payables	B	*	6	7 918	7 918	3 399	3 399

A - loans and receivables measured at amortised cost

B - financial liabilities measured at amortised cost

** It is assumed, that fair value almost equals the book value, therefore no fair value measurement techniques have been used to valuation of these items.*

Book values of short-term: receivables, other assets, payables, loans and liabilities are similar to their fair values due to short term capacity. According to the estimations of the Company, fair value of non-current assets and liabilities immaterially differ from their respective book value.
As at December 31, 2016 the Company did not possess financial instruments measured at fair value. As at December 31, 2016 the Group did not recognize the transfers between levels of fair value valuations.

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, 2016 maximum amount exposed to credit risk was 225 910 TPLN and consist of the intercompany receivables from loan granted to related party (note 3). As at December 31, 2016, the Company create an impairment on loans and receivables in the amount of 7 797 thousand. PLN

Interest rate risk

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

Foreign currency risk

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

Liquidity risk

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

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

Capital risk

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

(in PLN thousands unless stated otherwise)

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, 2016 and December 31, 2015 were as follows:

	December 31, 2016	**December 31, 2015**
Bonds obligations and other liabilities	299 367	304 512
Less: cash and cash equivalent	(11 139)	(14 012)
Net debt	288 228	290 500
Total equity	836 091	800 728
Capital involved	1 124 319	1 091 228
Gearing ratio	**26%**	**27%**

Recent volatility in global and country financial markets

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

14 Earnings per share

The basic and diluted earnings per ordinary share for the 12 months ended December 31, 2016 and December 31, 2015 was calculated as follows:

	12 months ended December 31, 2016	**12 months ended December 31, 2015**
Profit/loss for the period	45 799	647
Weighted average number of ordinary shares in issue	21 213 893	21 213 893
Weighted average number of ordinary shares in issue	21 213 893	21 213 893
Profit/loss per ordinary share		
Basic profit/loss per ordinary share	2,16	0,03
Diluted profit/loss per ordinary share	2,16	0,03

On December 1st, 2014 , expired possibility for AmRest Holdings SE Exec to make capital increases to the amount of EUR 5 thousand the authorized capital (in accordance with paragraph 4.1 of the Articles of Association of the Company) . This law was given the resolutions of the AGM of shareholders No. 13 of June 10th 2011. As at December 31st 2016, the Company is not possible potential issuance of shares for the clearance of the stock option schemes. Settlement of share option plans can be made in the form of shares or cash.

15 Collateral on borrowings

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

16 Events after the balance sheet date

On January 24, 2017 AmRest Holdings SE was signed a Share Purchase Agreement (“SPA”) between AmRest and Top Brands NV (“Seller”). Pursuant to SPA AmRest will acquire 100% shares of Pizza Topco France SAS (“Pizza Topco”) at estimated price of ca. EUR 14m (approx. PLN 61m). Final purchase price will be determined as at the day of closing of the transaction. Pizza Topco is the exclusive master franchisee of Pizza Hut Delivery restaurants across France. Currently Pizza Topco operates 123 restaurants, the majority of which are managed by franchisees. The equity restaurants (7 locations) are managed by Pizza Delco France SAS (“Pizza Delco”), a company owned in 100% by Pizza Topco. Both parties intend to close the transaction within couple of months (“Completion”). Completion is contingent upon a number of conditions, such as: standard material adverse change clause (“MAC”), approval from the Supervisory Board of AmRest, signing of a master franchise agreement with YUM! Restaurant Holdings (Pizza Hut brand owner).

On January 31, 2017 Mr. Jacek Trybuchowski resigned from the function of the member of AmRest Management Board, effective February 1st, 2017. The resignation is due to personal reasons. Mr. Trybuchowski served as the Company's Chief Operating Officer.

On March 1, 2017 AmRest Holdings SE announced the completion of the assets sale and transfer agreement (the “APA”) between AmRest and Kentucky Fried Chicken (Great Britain) Ltd., German Branch. As a result of the Completion AmRest acquired 15 KFC restaurants operating in the German market. The purchase price amounted to EUR 10.28 million (ca. PLN 44.15 million). All the approvals and conditions the Completion was contingent upon in accordance with the APA have been obtained and fulfilled.

On March 15th, 2017 the Management Board of AmRest Holdings SE informed about signing the Binding Head of Terms (“HoT”) determining the key terms and conditions on, and subject to which, KFC France SAS (“KFC France”) would be willing to proceed with a potential transaction with AmRest, whereby AmRest would buy 42 equity restaurants run by KFC France in the French market, and the parties would sign a Development Agreement and Standard KFC International Franchise Agreement for each restaurant. The purchase price is subject to the results of a due diligence to be carried out by AmRest. It is the intention of AmRest and KFC France that the final agreements shall be signed no later than April 30th, 2017, and closing of the transaction, including transfer of ownership of KFC Business and payment of the purchase price shall occur no later than June 30th, 2017. If the parties fail to sign the final agreements by August 1st, 2017 the HoT shall terminate immediately, unless otherwise agreed in writing by both parties.

Signatures of Board Members

Drew O'Malley
AmRest Holdings SE
Board Member

Mark Chandler
AmRest Holdings SE
Board Member

Wojciech Mroczyński
AmRest Holdings SE
Board Member

Oksana Staniszewska
AmRest Holdings SE
Board Member

Olgierd Danielewicz
AmRest Holdings SE
Board Member

Wrocław, March 16, 2017