AmRest Holdings SE

Stand-alone financial statements as at and for the twelve months ended December 31, 2009

Contents:

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Wrocław, April 29, 2010

Income Statement in accordance with IFRS as adopted by the EU
for the 12 months ended December 31, 2009 and 2008

in PLN thousand	Note	2009	2008
General and administrative expenses (G&A)		(1 081)	(1 768)
Other operating income		-	620
Finance income	9	1 428	12 796
Finance cost	9	(4 697)	(3 470)
Profit/(Loss) before tax		(4 350)	8 178
Income tax expense		261	-
Profit/(Loss) for the period		**(4 089)**	**8 178**
Basic earnings per share in Polish zloty	13	(0,29)	0, 58
Diluted earnings per share in Polish zloty	13	(0,29)	0,57

Consolidated annual comprehensive income statement
for the 12 months ended December 31, 2009

In PLN thousands	2009	2008
Profit/(loss) for the period	**(4 089)**	**8 178**
Other comprehensive income:		
Currency translation differences from conversion from USD to PLN	-	60 654
Other comprehensive income for the period, net of tax	**-**	**60 654**
Total comprehensive income for the period	**(4 089)**	**68 832**

AmRest Holdings SE

Balance sheet in accordance with IFRS as adopted by the EU as at December 31, 2009 and 2008

in PLN thousand

	Note	31.12.2009	31.12.2008
Investment in associates	2	365 429	368 551
Other non-current assets	3	30 285	29 559
Total non-current assets		**395 714**	**398 110**
Trade and other receivables	5	24 362	21 597
Other current assets		17	912
Cash and cash equivalents	8	109 337	-
Total current assets		**133 716**	**22 509**
Total assets		**529 430**	**420 619**
Equity	7		
Share capital		427	545
Reserves		295 229	323 488
Accumulated profit		50 713	61 152
Translation reserve		-	(37 687)
Total Equity attributable to shareholders of the parent		**346 369**	**347 498**
Liabilities			
Other non-current finance liabilities	4	182 675	69 916
Total non-current liabilities		**182 675**	**69 916**
Loans and borrowings		161	-
Trade and other payables		225	2 811
Income tax liabilities		-	394
Total current liabilities		**386**	**3 205**
Total liabilities		**183 061**	**73 121**
Total equity and liabilities		**529 430**	**420 619**

Statement of cash flows for the 12 months ended December 31, 2009 and 2008

in PLN thousand	2009	2008
Cash flows from operating activities		
Profit/(loss) before tax	(4 350)	8 178
Adjustments for:		
Interest expense, net	2 206	2 210
Unrealised foreign exchange differences	524	(11 565)
Change in receivables	(24 356)	-
Change in other current assets	895	(900)
Change in payables and other liabilities	(2 586)	2 395
Income taxes paid	(133)	(91)
Other	274	(766)
Net cash provided by operating activities	**(27 526)**	**(539)**
Cash flows from investing activities		
Proceeds from settlement on subsidiaries acquired	27 562	-
Acquisition of subsidiaries, net of cash acquired	(32)	-
Net cash used in investing activities	**27 530**	**-**
Cash flows from financing activities		
Proceeds from debt securities	109 285	-
Proceeds from shares issued	48	534
Net cash provided by/(used in) financing activities	**109 333**	**534**
Net change in cash and cash equivalents	109 337	(5)
Cash and cash equivalents, beginning of period	-	5
Cash and cash equivalents, end of period	**109 337**	**-**

Statement of changes in equity in accordance with IFRS as adopted by the EU for the 12 months ended 31 December 31, 2009 and 2008

	Issued capital	Reserved capital	Retained Earnings	Cumulative translation adjustments	**Total Equity**
As at January 1, 2008	**544**	**320 532**	**52 974**	**(98 341)**	**275 709**
Comprehensive Income					
Profit for the period	-	-	8 178	-	**8 178**
Currency translation differences	-	-	-	60 654	**60 654**
Total Comprehensive Income	**-**	**-**	**8 178**	**60 654**	**68 832**
Transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**
Transactions with shareholders					
Employees share option scheme – value of employee services	-	2 406	-	-	**2 406**
Employees share option scheme – value realized options	-	(859)	-	-	**(859)**
Issue of shares	1	1 409	-	-	**1 410**
Total of transactions with shareholders	**1**	**2 956**	**-**	**-**	**2 957**
As at December 31, 2008	**545**	**323 488**	**61 152**	**(37 687)**	**347 498**
Functional currency translation	(118)	(31 219)	(6 350)	37 687	-
As at January 1, 2009	**427**	**292 269**	**54 802**	**-**	**347 498**
Comprehensive Income					
Other comprehensive income for the year	-	-	-	-	**-**
Profit for the period	-	-	(4 089)	-	**(4 089)**
Total Comprehensive Income	**-**	**-**	**(4 089)**	**-**	**(4 089)**
Transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**
Transactions with shareholders					
Transactions with shareholders					
Employees share option scheme – value of employee services	-	2 816	-	-	**2 816**
Own shares recognition	-	144	-	-	**144**
Total of transactions with shareholders	**-**	**2 960**	**-**	**-**	**2 960**
As at December 31, 2009	**427**	**295 229**	**50 713**	**-**	**346 369**

1 Company overview and significant accounting policies

(a) Background

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

The Court also registered amendments to the Company's Memorandum of Association related to the transfer of the registered office of AmRest to Poland.

The Company's core activity is 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),
- American Restaurants s.r.o. (The Czech Republic),
- Amrest BK s.r.o.,
- AmRest Acqusition Subsidiary Inc (USA).

The principal activity of the entities within the Group is operating restaurants located in Poland, The Czech Republic, USA, Bulgaria, Russia, Serbia and Hungary,.:

- based on the franchise contracts - restaurants „KFC", „Pizza Hut", „Burger King", „Applebees" and „Starbucks",
- as the owner of trademarks - restaurants „Rodeo Drive" and „freshpoint" .

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.

As at 31 December 2006 the Company's largest shareholder with a 37.5% voting rights and ownership interest remained IRI. In 2007 IRI sold further part of its shares. As at December 31, 2009, WBK AIB Asset Management was the largest shareholder of AmRest and held 22.27% of its shares and voting rights.

These standalone financial statements were authorised by the Management Board on April 29, 2010.

(b) Statement of compliance with International Financial Reporting Standards

These standalone financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and adopted by the European Union for annual financial reporting, in force as at December 31, 2009. As at December 31, 2009, there are no discrepancies between the accounting policies adopted by the Company and the standards referred to above. The accounting policies which have been applied in the preparation of the annual standalone financial statements comply with those used in preparing the annual standalone financial statements for the year ended December 31 2008, with the exception of the new standards binding as of 1 January 2009.

Standalone financial statements for the year ended December 31, 2008 were first annual financial statements prepared in accordance with IFRS.

Former Entity was preparing and issuing financial statements according to Dutch GAAP.

<u>Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company</u>

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

- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). - The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Company will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

- Amendment to IAS 39 „Financial Instruments: Recognition and Measurement" – "Criteria for classification as hedged position" – Amendment to IAS 39 "Criteria for classification as hedged position" was published by IASB July 31, 2008 and is valid for annual periods starting from July 1, 2009 or later. Amendment covers explanation how should be in specific circumstances applied rules, whether hedged risk or part of cash flows meet criteria for hedged position. Implemented prohibition for setting inflation as potential hedge for components of debt instrument of fixed interest rate. Amendments prohibits including of temporary value for one side hedged risk, when options are treated as hedging instrument. Company will apply amendments to IAS 39 from January 1, 2010. Management board is during verification of above amendments influence on financial statements.

- Amendments to IFRS 2009 - IASB issued in April 16, 2009 "Amendments to IFRS 2009" which changes 12 standards. Amendments cover changes in presentation, recognition and valuation and cover also certain changes in terminology and edition. Majority of amendments will be valid for annual periods starting from January 1, 2010. Management board is during verification of above amendments influence on financial statements.

- IFRS 2 „Share based payments" – Amendments to IFRS 2 „Share based payments" were issued by IASB June 18, 2009 and are valid for annual periods starting from January 1, 2010 or later.

Amendments precise settlement of share based payments inside capital groups. Amendments specify scope of IFRS2 and joint application of IFRS2 and other standards. Amendments implements into standards aspects regulated previously in IFRIC 8 and IFRIC 11. Management board is during verification of above amendments influence on financial statements.

- Amendments to IFRS 1 „First time adoption of IFRS" - Amendments to IFRS 1were published by IASB in July 23, 2009 and are valid for annual periods starting in January 1, 2010 or later. Amendments introduce additional exemptions from performing valuation of assets as at the date of transition into IFRS for entities operating in oil and gas sector. Company will apply amendments according to transitional regulations. As at the date of this consolidated financial statements issuance, changes to IFRS 1 were not yet approved by European Union. IFRS 1 do not influence for Company financial statements. Amendments do not influence financial statements.

- Amendments to IAS 32 „Classification of emission rights" - amendments to IAS 32 "Classification of emission rights" were published by IASB October 8, 2009 and are valid for annual periods starting February 1, 2010 or later. Amendments covers accounting for emission rights (grants, options and warranties) denominated in other than function currency of issuer. Amendments require that, when certain criteria are met, emission rights issuance should be classified as equity independently from which currency is set for rights realization. Company will apply amendments to IAS 32 from January 21, 2011. Amendments do not influence on financial statement.

- Amendments to IAS 24 „Related party disclosures" - Amendments to IAS 24 „Related party disclosures" were published by IASB at November 4, 2009 and are valid for annual periods starting from January 1,2011 or later. Amendments implements simplification regarding the disclosure of information by entities related to governmental institutions and specifies definition of related party. Company applies amendments of IAS 24 according to transitional regulations. As at the date of this consolidated financial statements issuance amendments to IAS 24 were not approved by European Union. Management board is during verification of above amendments influence on financial statements.

- IFRS 9 „Financial Instruments" – IFRS 9 Financial Instruments was published by IASB on November 12, 2009 and is valid for annual periods starting January 1, 2013 or later. Standard introduces on model providing only two classification categories: amortized cost and fair value. IFRS9 approach is based on business model applied by the entity for assets managing and agreed features of financial assets. IFRS 9 requires also application of one method for impairment testing of financial assets. Company will apply IFRS 9 according to transitional regulations. As at the date of this financial statement issuance, IFRS 9 has not been approved by European Union. . Management board is during verification of above amendments influence on financial statements.

- Amendments to IFRS 1 „First time adoption of IFRS" - Amendments to IFRS 1 "Reduced exemption from presentation of comparative data according to IFRS 7 for entities adopting IFRS first time" were published by IASB in January 28, 2010 and are valid for annual periods starting in July 1, 2010 or later. Amendments   introduce additional exemptions for entities applying IFRS for the first time concerning disclosure of information required by change in IFRS 7 issued in March 2009 according to transitional regulations. As at the date of this consolidated financial statements issuance, changes to IFRS 1 were not yet approved by European Union. IFRS 1 do not influence for Company financial statements.

- IFRIC 12 „Service concession arrangements" – IFRIC 12 „„Service concession arrangements"" was issued by IFRS Interpretation Committee as at November 30, 2006 and is valid for annual periods starting from March 29, 2009 or later. This interpretation covers guidelines for application of existing standards by entities cooperating in concession arrangements between public and private sectors. IFRIC 12 covers agreements, in which ordering party controls, which services operator provides with the use of infrastructure, who will receive this service and for what price. Company will apply IFRIC 12 from

January 1, 2010. According to Company Management Board influence of new interpretation for financial statements is immaterial.

- IFRIC 15 „ Agreements for the Construction of Real Estate" – IFRIC 15 was issued by IFR Interpretation Committee in July 3, 2008 and is valid for annual periods starting from January 1, 2010 or later. This interpretation covers overall guidelines for how asses construction agreement to establish whether results of such agreement should be presented in accordance with IAS 11 or IAS 18 in financial statements. Moreover IFRIC 15 address in which moment should be recognized revenue from construction agreement realization. Company will adopt IFRIC 15 from January 1, 2010. Management board is during verification of above interpretation influence on financial statements.

- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" – IFRIC 16 was issued by IFRS Interpretation Committee as at July 3, 2009 and is valid for annual periods starting from July 1, 2009 or later. This interpretation covers guidelines for designation, whether exists risk of foreign exchange fluctuations in the scope of functional currency of foreign entity and currency of presentation for the purpose of consolidated financial statement of parent entity. Moreover IFRIC 16 explains, which entity in capital groups may recognize hedging instrument of net investment in foreign entity, especially whether parent entity possessing net investment in foreign entity must also possess hedging instrument. IFRIC 16 explains also, which entity should establish amount for reclassification from equity to income statement both for hedging instrument and hedged position, when entity is disposing of investment. Company will implement IFRIC 16 from January 1, 2010. Management board is during verification of above interpretation influence on financial statements.

- IFRIC 17 „Distributions of Non-cash Assets to Owners" - IFRIC 17 „Distributions of Non-cash Assets to Owners" was issued by IFRS interpretation Committee as at November 27, 2008 and is valid for annual periods starting from November 1, 2009 or later. This interpretation covers guidelines in the aspect of dividend recognition timing, valuation of dividend and accounting for difference between value of dividend and balance sheet value of distributed assets. Company will apply IFRIC 17 from January 1, 2010. Management board is during verification of above interpretation influence on financial statements.

- IFRIC 18 „Transfers of Assets from Customers" - IFRIC 18 "Transfers of Assets from Customers" was issued by IASB on January 29, 2009 and is valid for annual periods starting from November 1, 2009 or later. This interpretation covers guidelines in the scope of assets transfer from customers recognition, situation when asset definition is met, identification separately identifiable services (provided in exchange for transferred asset, recognition of revenue and recognition of cash and cash equivalents received from customers. Company will apply IFRIC 18 from January 1, 2010. Management board asses above interpretation influence on financial statements as immaterial.

- Amendment to IFRIC 14 „The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – Amendments to IFRIC 14 were issued by IFRS Interpretation Committee in November 26, 2009 and is valid for annual periods starting from January 1, 2011 or later. This interpretation covers guidelines in the area of recognition of early payment of contribution for covering of minimal financing requirements as assets in contributing entity. Company will apply IFRIC 14 according to transitional requirements. As at the date of this consolidated financial statements amendment to IFRIS 14 were not yet approved by European Union. Management board is during verification of above amendments influence on financial statements.

- IFRIC 19 „Extinguishing Financial Liabilities with Equity Instruments" – document IFRIC 19 was published by IFRS Interpretation Committee at November 26, 2009 and is valid for annual periods starting July 1, 2010 or later. This interpretation explains accounting principles applied in situation when in result of renegotiation by entity of financial liabilities terms, liability is settled via issuance of equity instruments aimed to creditors. Interpretation requires valuation of equity instruments in fair value and recognition of gain or loss in value of difference between book value of financial liability and fair value of equity instrument. Company will address IFRIC 14 according to transitional regulations. As at the date of this financial statement issuance, IFRS 14 has not been approved by European Union. . Management board is during verification of above amendments influence on financial statements.

<u>The Company has adopted the following new and amended IFRSs as of January 1, 2009:</u>

As at January 1, 2009 Company has adopted following new and amended IFRS and IAS:

- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective January 1, 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earning per share.
- IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
- IAS 23 (revised) "borrowing costs" (effective January 1, 2009) – For borrowing costs incurred concerning qualified assets, that depreciation period starts January 1, 2009 or later, Company capitalize borrowing costs in direct connection with purchase, development or production of qualified asset in the creation cost of such asset. Also previously Company accounted for borrowing costs in the value of qualified assets.
- Amendments to IAS 2008 (effective January 1, 2009) – IASB issued in May 22, 2008 "Amendments to IFRS 2008", that modifies 20 standards. Amendments cover changes in presentation, recognition and valuation and cover also certain changes in terminology and edition. There is no impact on earnings per share.
- IFRS 2 (amendment), 'Share-based payment' (effective January1, 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Company and company have adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Company or company's financial statements.

(c) Basis of preparation of financial statements

Because of the fact thet Company has moved its seat to Poland financial statements was prepared in polish zloty (PLN), after rounding to full thousands (TPLN) Polish zloty is functional currency of the AmRest Holdings SE since January 1, 2009.

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

The standalone financial statements are prepared on the historical cost basis except of assets held for sale and assets stated in fair value through profit or loss, which are stated in fair values. Non-current assets held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

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 set out below have been applied consistently to all periods presented in these financial statements.

d) Financial assets – investments in subsidiaries

Investments in subsidiaries

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

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories described below.

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 categorised 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 realised within 12 months of the balance sheet date.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Assets held-to-maturity are measured at amortised cost. Investments stated at amortised cost are measured as the amount proceeded at the date of its maturity less all discounts and bonuses.

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 accounting policy (e below).

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group 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 amortised cost using the effective interest method.

(e) 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 recognised initially at fair value and subsequently measured at amortized cost less impairment losses.

(f) 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.

(g) 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.

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

Interest-bearing loans and borrowings as well as bonds obligations are recognised 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 recognised 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 recognised 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.

(i) 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 the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(j) Trade and other payables

They are recognised initially at fair value and subsequently measured at amortised cost.

(k) Currency of presentation and translation principles

As described in Note 1a, the financial statements are presented in PLN. The Company uses the following translation procedures:

- assets and liabilities (without equity) are translated at the closing rate as at the balance sheet date;
- incomes and costs are translated at the average exchange rate in the period;
- all the resulting foreign exchange differences are recognized in a separate item of equity.

(l) Current and deferred income tax

All Company's balance sheet titles as at December 31, 2008 prepared in thousands of USD were transferred int polish currency according to average exchange rate of Narodowy Bank Polski ("National Bank o f Poland") from the date December 31, 2008 which was equal to 2,9618.

Below presented table shows detailed effect of balances transition to polish currency as at January 1, 2009 according to given balance sheet positions:

in thousands	**31/12/2008 USD**	**31/12/2008 PLN**	**01/01/2009 PLN**	**Differences in PLN**
Assets				
Investment in associates	124 435	368 551	368 551	-
Other non-current assets	9 980	29 559	29 559	-
Total non-current assets	134 415	398 110	398 110	
Trade and other receivables	7 292	21 597	21 597	-
Other current assets	308	912	912	-
Total current assets	7 600	22 509	22 509	-
Assets total	**142 015**	**420 619**	**420 619**	**-**

(in PLN thousands unless stated otherwise)

Equity				
Share capital	144	545	427	(118)
Reserves from issuance price over nominal price of shares	96 680	323 488	292 269	(31 219)
Retained earnings	16 081	52 974	54 802	1 828
Profit for the period	2 422	8 178	-	(8 178)
Translation reserve	-	(37 687)	-	37 687
Non-controlling interests	-	-	-	-
Total equity	117 327	347 498	347 498	-
Liabilities				
Other non-current liabilities	23 606	69 916	69 916	-
Total non-current liabilities	23 606	69 916	69 916	-
Trade and other accounts payable	949	2 811	2 811	-
Income tax liabilities	133	394	394	-
Total current liabilities	1 082	3 205	3 205	-
Total liabilities	24 688	73 121	73 121	-
Total equity and liabilities	**142 015**	**420 619**	**420 619**	**-**

(m) Current and deferred income tax

As consequence of changing the legal form of the Company and transfer of its seat to Poland has changed a tax authority, which Company provides with tax settlements.

Company has not recognized temporary differences arising from foreign exchange differences and from unrealized interests on borrowings, bonds and other receivables and payables.

2 Investments in subsidiaries

The table below presents the number and value of the shares owned by the Company in its subsidiaries as at December 31, 2009 and 2008.

	31 December 2009		**31 December 2008**	
	Interest ownership	Value of shares	Interest ownership	Value of shares
AmRest Sp. z o.o. (Poland)*	100%	209 295	100%	206 467
AmRest s.r.o. (The Czech Republic)	100%	9 148	100%	9 148
AmRest BK s.r.o. (The Czech Republic)	100%	32	-	-
AmRest Acquisition Subsidiary (USA)**	100%	146 954	100%	152 936
Total	-	**365 429**	-	**368 551**

(in PLN thousands unless stated otherwise)

* The value of shares in AmRest Sp. z o.o. was increased by capitalized costs of the share option plan (share options granted to the employees of the subsidiaries). The costs capitalised in the value of investments in subsidiaries amounted to 9 299 TPLN as at December 31, 2009 and 6 483 TPLN as at December 3, 2008.

** As at May 15, 2007 AmRest Holdings SE created AmRest Acquisition Subsidiary, Inc. with its seat in Delaware, United States of America. As at July 2, 2007 Amrest Acquisition Subsidiary, Inc. Bought from Michael Tseytin 100% of shares in US Strategies Inc., with its seat in New Jersey, USA controlling 91% of shares and voting rights in OOO Pizza Nord (current name OOO AmRest) – franchisee of Pizza Hut and RostiksKFC in Russia. At same day, American Restaurants sp. z o. o. (100% subsidiary of AmRest Holdings SE) bought remaining 9% of shares and voting rights in OOO Pizza Nord from independent natural people. As a consequence of above described transaction Group obtained effectively 100% control over OOO Pizza Nord and their 19 Pizza Hut restaurants and 22 RostiksKFC restaurants, operating in Russia (mainly in Sankt Petersburg and Moscow). As a result Company has obtained accordingly 75% and 20% market share in Pizza Hut restaurants and KFC in Russia. On Russian markets there are several franchisees of KFC and Pizza Hut, which do not have exclusivity for operating in this region.

As at July 2, 2007 US Strategies Inc. and AmRest Acquisition Subsidiary, Inc have merged creating on legal entity named AmRest Acquisition subsidiary, Inc.

As at June 23, 2008 Michael Tseytin became member of Supervisory Board (related party) and held this function till May 8, 2009.

Following the agreement regulations of 100% shares in US Strategies, Inc purchase, final purchase price is dependent to EBITDA achieved by OOO AmRest – subsidiary of US Strategies, Inc. for the period of one year from purchase date.

Purchase transaction was settled according to agreement dated August 21, 2010 between AmRest Holdings SE and Michael Tseytin. Final share purchase price was settled. According to this agreement M. Tseytin repaid liability towards AmRest Holdings SE in the value of USD 9 000 thousand what reduced receivables of AmRest Holdings and value of shares in AmRest Acquisition Subsidiary, Inc.

As at December 31, 2009 the Company has not recognised impairment on the investments in subsidiaries.

3 Loans granted to subsidiaries

Borrower	– AmRest s.r.o.
Loan amount	– 167 306 TCZK
Interest rate	– PRIBOR +1,8%
Effective interest rates at December 31, 2009	– 3,09 %

The loan is not secured.

The table below presents the change of loan value during the twelve months period ended December 31, 2009:

As at January 1, 2009	**29 559**
Interest – capitalised in value of the loan (financial income)	1 250
Exchange rate differences (financial expense)	(524)
As at December 31, 2009	**30 285**

Loan is not secured. The fair value of the loan presented above does not differ significantly from its carrying value.

(in PLN thousands unless stated otherwise)

4 Liabilities

Liabilities to subsidiaries

As at December 31, 2009 the Company presented financial liability to its subsidiary (AmRest Sp. z o.o.) related to zero coupon bonds specified as below:

Date of issue	– June 3, 2007
Number of bonds issued	- 100
Emission price of 1 bond	– 839 107 PLN
Total value of bonds issued	– 83 910 7 00 PLN
Nominal value of 1 bond	– 650 000 PLN
Total nominal value of bonds issued	– 65 000 000 PLN
Termination date	– 5 years after issue
Effective interest rate	– 5,03%

The table below presents the change of value of financial liability relating to bonds issued during the twelve months period ended December 31, 2009:

As at January 1, 2009	**69 916**
Interests – discount	3 612
As at December 31, 2009	**73 528**

The bonds were issued for the purpose of financing the purchase of 100% shares in US Strategies, Inc. The purchase was finalised on July 2, 2007, under trilateral transaction, by AmRest Acquisition Subsidiary, Inc. At the date of acquisition both US Strategies. Inc. and AmRest Acquisition Subsidiary, Inc. were merged and formed a new legal entity – AmRest Acquisition Subsidiary, Inc. The total acquisition price paid constitutes the historical cost of purchase of the shares in a subsidiary - AmRest Acquisition Subsidiary, Inc.

Liabilities to third parties

As at December 30, 2009 Company has issued bonds for total value of 110 000 000,00 PLN specified as below:

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

Value of liabilities from bonds issued as at December 31, 2009 – PLN 109 308 thousand.

Bonds were issued for the financing of Group investment activities.

As at January 1, 2009	**-**
Value of bonds reduced by the costs of emission	109 285
Intersts – discounted	23
As at December 31, 2009	**109 308**

(in PLN thousands unless stated otherwise)

5 Trade and other receivables

As at December 31, 2009 and December 31, 2008 Company has receivables of following characteristics:

Receivables descriptions	**31.12.2009**	**31.12.2008**
Receivables from related parties – cash pooling	21 610	-
Receivables from M. Tseytin	-	21 597
Receivables from related parties – AmRest Sp. z o. o.	2 184	-
Receivables from related parties – AmRest s.r.o.	456	-
Receivables from VAT	96	-
Other receivables	16	-
Total of receivables as for the end of given date	**24 362**	**21 597**

6 Employee benefits and share option plans

Long-term employee benefits dependent on their years in service

In accordance with the terms and conditions of the collective labour agreement, a specific group of employees is entitled to receive long-service bonuses depending on their years in service. The entitled employees receive a one-off amount of USD 300 after five years in service, and USD 1 000 after 10 years in service, translated in both cases into the currency of the given country. In year 2009 Group has added to this service benefit package jubilee gift for 15 years of work, which is equal to value of 100 AmRest Holdings SE shares. The Group provided for these long-service bonuses in the amount of PLN 1 032 thousand as at December 31, 2009 and PLN 1 520 thousand as at December 31, 2009. The actuarial assumptions adopted for the valuation assume a discount rate of 5.5% and the expected turnover of employees at an annual level of 50% in 2009, accordingly 5,5% and 40% for year 2008.

Employee share option plan 1

The Plan was launched in 1999 as a cash-settled plan and covered the key employees of the Group. Upon the Group's flotation on the GPW – on April 27, 2005 – the plan was modified to be share-based instead of cash-based. Additionally, all the obligations in respect of the plan were taken over by ARC (Note 1a). ARC assumed responsibility for the redemption of all the units (which could already be and which could not yet be exercised). The carrying amount of the liability as at that date of PLN 1 944 thousand was charged to capital.

Employee share option plan 2

In April 2005, the Group implemented another Employee Option Plan which is share-based, thinking of its key 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 PLN thousands unless stated otherwise)

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.

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

Award date	Number of share options awarded	Terms and conditions for exercising the options	Option exercise price in PLN	Options term to maturity period
Plan 1				
April 30,1999	75 250	5 years, gradually, 20% per annum	6.4	10 years
April 30, 2000	53 750	5 years, gradually, 20% per annum	25.6	10 years
April 30, 2001	76 300	5 years, gradually, 20% per annum	25.6	10 years
April 30, 2002	74 600	5 years, gradually, 20% per annum	16.0	10 years
April 30, 2003	55 100	5 years, gradually, 20% per annum	16.0	10 years
April 30, 2004	77 800	5 years, gradually, 20% per annum	19.2	10 years
Total	412 800			
Plan 2				
April 30, 2005	79 300	5 years, gradually, 20% per annum	24.0	10 years
April 30, 2006	75 000	5 years, gradually, 20% per annum	48.4	10 years
April 30, 2007	89 150	5 years, gradually, 20% per annum	96.5	10 years
April 30, 2008	105 250	5 years, gradually, 20% per annum	86.0	10 years
June 12, 2008	21 000	5 years, gradually, 20% per annum	72.5	10 years
April 30, 2009	102 370	5 years, gradually, 20% per annum	47.6	10 years
October 5, 2009	3 000	5 years, gradually, 20% per annum	73.0	10 years
Total	475 070			

In the table below we present the number and weighted average of the exercise price of the options from both plans for the twelve-month period ended December 31, 2009 and 2008.

	2009			2008		
	Weighted average option exercise price	Number of options Plan 2	Number of options Plan 1	Weighted average option exercise price	Number of options Plan 2	Number of options Plan 1
At the beginning of the period	PLN 70.78	298 800	131 200	PLN 45.22	210 140	131 200
Utilized during the period	PLN 34.46	(1 400)	-	PLN 31.51	(15 750)	-
Redeemed during the period	PLN 47.13	(17 910)	(300)	PLN 80.27	(21 840)	-
Awarded during the period	PLN 48.32	105 370	-	PLN 83.75	126 250	-
At the end of the period	PLN 53.27	384 860	130 900	PLN 55.26	298 800	131 200
Available for exercising as at the end of the period	PLN 39.99	131 550	130 900	PLN 33.30	86 047	128 200

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.

(in PLN thousands unless stated otherwise)

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

	Awarded in the period from 1/1/2009 to 31/12/2009	Awarded in the period from 1/1/2008 to 31/12/2008	Awarded in the period from 1/1/2007 to 31/12/2007	Awarded in the period from 1/1/2006 to 31/12/2006	Awarded in the period from 1/1/2005 to 31/12/2005		Awarded until the end of 2004
	Plan 2	Plan 2	Plan 2	Plan 2	Plan 2	Plan 1	Plan 1
Average fair value of option as at the date of award	PLN 27.38	PLN 29.81	PLN 36.09	PLN 15.5	PLN 8.9	PLN 6.8	PLN 6.6
Average price of share at the date of measurement/award	PLN 48.32	PLN 83.8	PLN 96.5	PLN 48.3	PLN 25.7	n/a	n/a
Average exercise price	PLN 48.32	PLN 83.8	PLN 96.5	PLN 48.3	PLN 24.0	PLN 18.6	PLN 18.6
Expected fluctuations of share prices (expressed as the weighted average fluctuation in share prices used in the trinomial model)*	41%	37%	33%	31%	40%	40%	40%
Expected term to maturity of the options (expressed as the weighted average period to maturity of the options used in the trinomial model)	7.6 lat	8.9 lat	9.9 lat	9.9 lat	9.9 lat	7.0 lat	7.5 lat
Expected dividend (as of 2009)	-	18.8%	18.8%	18.8%	18.8%	19.4%	19.4%
Risk-free interest rate (based on Treasury bills)	5.8%	5.8%	5.5%	4.98%	4.5%	4.5%	5.8%

* 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.

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, 2009 and 2008 respectively are presented below:

	2009	**2008**
Value of employee services	2 816	2 406
	2 816	**2 406**

There are not other (except those listed above) liabilities for employees.

(in PLN thousands unless stated otherwise)

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.

As at December 31, 2009 the share capital consisted of 14 186 356 shares fully paid. Planned number of shares is 15 000 000. Nominal value of one share is 1 eurocent (0.01 euro).

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.

Shareholders structure as at the date of this financial statements issuance is presented below:

Shareholders	Shares amount	Share in Equity %	Amount of votes in AGM	Share at AGM %
BZ WBK AIB AM *	3 583 623	25,26%	3 583 623	25,26%
ING OFE	2 791 976	19,68%	2 791 976	19,68%
Henry McGovern **	1 295 110	9,13%	1 295 110	9,13%
Commercial Union OFE	1 000 000	7,05%	1 000 000	7,05%
PZU OFE	745 257	5,25%	745 257	5,25%

* BZ WBK AIB AM governs asset which are accounted mostly for funds owned by BZ WBK AIB TFI

** shares owned directly by Henry McGovern and companies directly related to him i.e. IRI and MPI.

Other supplementary capital

Structure of other supplementary capital is as follows:

	31.12.2009	**31.12.2008**
Surplus over nominal value (share premium)	311 673	311 673
Employees share option scheme (Note 23)	8 440	5 624
Non-refundable capital deposit without additional share issue, made by shareholders of the Group before entry on GPW	6 191	6 191
Functional currency translation	(31 219)	(31 219)
Own shares recognition	144	-
Total supplementary capital	**295 229**	**292 269**

Foreign exchange differences on translation
Foreign exchange differences on translation cover all the foreign exchange differences resulting from the translation of the financial statements of the Company's foreign operations into PLN.

8 Cash and cash equivalents

Cash and cash equivalents as at December 31, 2009 and December 31, 2008 are presented in table below:

	31.12.2009	**31.12.2008**
Cash at bank	109 335	-
Cash in hand	2	-
	109 337	**-**

(in PLN thousands unless stated otherwise)

9 Finance income and expenses

	2008	2007
Income from interests	1 428	1 248
Net exchange rate gains on bonds and borrowings	-	11 330
Other exchange rate gains	-	218
Finance income, total	**1 428**	**12 796**
Interest expense on bonds	3 634	3 470
Exchange rate losses relating to bonds and loans, net	524	-
Other financial expenses	539	-
Finance expenses, total	**4 697**	**3 470**

10 Related party transactions

As at December 31, 2009 the Group of which the Company is a parent consisted of the following subsidiaries (direct and indirect):

Company name	Address and country of the registered office	Main area of operation	Name of direct parent entity and other share owners	Share in capital and total voting rights	Date of taking up control
AmRest Sp. z o.o.	Wroclaw, Poland	Operating restaurants in Poland	AmRest Holdings SE	100.00 %	December 2000
AmRest s.r.o.	Prague, Czech Republic	Operating restaurants in the Czech Republic	AmRest Holdings SE	100.00 %	December 2000
International Fast Food Polska Sp. z o. o. in liquidation	Wroclaw, Poland	No current operations	AmRest Sp. z o.o.	100.00 %	January 2001
AmRest BK s.r.o.	Prague, Czech Republic	Operating Burger King restaurants in Czech Republic	AmRest Holdings SE	100.00%	December 2009
Pizza Hut s.r.o.	Prague, Czech Republic	No current operations	Amrest BK s.r.o. AmRest Sp. z o.o.	99.973% 0.027%	December 2000
AmRest Kft	Budapest, Hungary	Operating restaurants in Hungary	AmRest Sp. z o.o.	100.00 %	June 2006
AmRest Ukraina t.o.w.	Kiev, the Ukraine	No current operations	AmRest Sp. z o.o.	100.00 %	December 2005
AmRest Coffee Sp. z .o.o.	Wroclaw, Poland	Established to operate Starbucks stores in Poland	AmRest Sp. z o.o. Starbucks Coffee International, Inc	82.00 % 18.00 %	March 2007

(in PLN thousands unless stated otherwise)

Bécsi út.13. Kft	Budapest, Hungary	Owner of the building where the office area is located	AmRest Kft	100.00 %	April 2007
AmRest EOOD	Sofia, Bulgaria	Operating restaurants in Bulgaria	AmRest Sp. z o.o.	100.00 %	April 2007
AmRest Coffee s.r.o.	Prague, Czech Republic	Established to operate Starbucks stores in the Czech Republic	AmRest Sp. z o.o. Starbucks Coffee International, Inc	82.00 % 18.00 %	August 2007
AmRest Acquisition Subsidiary Inc.	Wilmington, USA	Holding activities	AmRest Holdings SE	100.00 %	May 2007
OOO AmRest	Petersburg, Russia	Operating restaurants in Russia	AmRest Acquisition Subsidiary Inc. AmRest Sp. z o.o.	1.56 % 98.44%	July 2007
OOO KFC Nord	Moscow, Russia	No current operations	OOO AmRest	100 00%	July 2007
OOO Sistema Bistrogo Pitania.	Moscow, Russia	No current operations	OOO AmRest	100 00%	July 2007
AmRest Kávézó Kft	Budapest, Hungary	Established to operate Starbucks stores in Hungary	AmRest Sp. z o.o. Starbucks Coffee International, Inc	82.00 % 18.00 %	August 2007
AmRest D.O.O.	Belgrade, Serbia	Operating restaurants in Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60.00 % 40.00%	October 2007
AmRest LLC	Wilmington, USA	Holding activities	AmRest Sp. z o.o.	100.00 %	July 2008
SCM Sp. z o. o.	Chotomów, Poland	Delivery services for restaurants provided to the Group	AmRest Sp. z o.o. Zbigniew Cylny Beata Szafarczyk-Cylny	51.00% 44.00% 5.00%	October 2008

* as at April 27, 2010 Group has finished liquidation process of Company International Fast Food Polska Sp. z o. o. and has been removed from court registers

On March 23, 2009 it was agreed to liquidate Grifex I sp. z o. o. by District Court for the capital city of Warsaw.

On August 31, 2009 took place a merger of subsidiary OOO KFC South with OOO Amrest under pooling of interests method.

On November 24, 2009 Group purchased 20% of shares from Mr Steve Grove and owns 100% shares in AppleGrove Holdings, LLC.

On December 28, 2009 took place a merger of AmRest LLC and AppleGrove Holdings LLC. From that moment Group operates restaurant business in US by Amrest LLC.

On December 31, 2009 AmRest BK s.r.o. was founded, that will be responsible for operating restaurant business for Burger King in Czech Republic. Simultaneously intra group transfer of shares (99.973%) in Pizza Hut s.r.o. was made from AmRest s.r.o. to AmRest BK s.r.o.

(in PLN thousands unless stated otherwise)

As at December 31, 2009, the Group posses the following associated entities included in the financial statements under the equity method:

Company name	Address and country of the registered office	Main area of operation	Name of Parent Company	Share in capital and total voting rights	Date of purchase
SCM s.r.o.	Prague, Czech Republic	Delivery services for restaurants provided to the Group	SCM Sp. z o. o.	40.50%	March 2007

On October 29, 2009 was signed an agreement for sale of 33,33% shares in Worldwide Communication Services LLC between AmRest sp. z o. o. and Seblenco Holdings Co. Limited. Simultaneously in the result of this transaction Group had lost shares in Red8 Communications Group sp. z o. o. (entity being a subsidiary to associate - Worldwide Communication Services LLC, that owned 52% of voting rights).

The Group's offices are in Wroclaw, Poland. At December 31, 2009, the restaurants operated by the Group are located in Poland, the Czech Republic, Hungary, Russia, Bulgaria, Serbia and the USA.

<u>Transactions with related parties</u>

Receivables from related parties

	As at December 31, 2009	As at December 31, 2008
AmRest sp. z o.o.	23 794	-
AmRest s.r.o.	456	
Receivable from M. Tseytin	-	21 597
	24 250	**21 597**

Loans granted to related parties

	As at December 31, 2009	As at December 31, 2008
AmRest s.r.o.	30 285	29 559
	30 285	**29 559**

Liability component of bonds

	As at December 31, 2009	As at December 31, 2008
AmRest sp. z o.o.	73 527	69 916
	73 527	**69 916**

Trade and other payables

	As at December 31, 2009	As at December 31, 2008
AmRest Sp. z o.o.	147	2 470
	147	**2 470**

(in PLN thousands unless stated otherwise)

Transactions with the management/ Management Board, Supervisory Board

Remuneration of the Management and Supervisory Board.

	12 months period ended December 31, 2009	**12 months period ended December 31, 2008**
Remuneration of the Management Board Members paid by ARC	-	1 044
Remuneration of the Management and Supervisory Boards paid by the Company's subsidiaries	2 799	1 898
Total remuneration of the Management Board and Supervisory Board	**2 799**	**2 942**

ARC also pays remuneration to other key employees of the Group (apart from the Management Board, later reinvoiced to the Group). In the 12-month period ended December 31, 2008 total remuneration amounted to PLN 1 526 thousand.

The Group's key employees also participate in an employee share option plan (see note 6). The costs relating to the employee option plan in respect of management amounted to PLN 228 thousand and PLN 275 thousand respectively in the 12 month period ended December 31, 2009 and 2008.

	December 31, 2009	**December 31, 2008**
Number of options awarded	44 750	156 500
Number of available options	10 750	115 450
Fair value of options as at the moment of awarding	PLN 884 759	PLN 2 254 894

As at December 31, 2009, there were no liabilities to former employees.

11 Commitments and contingencies

In accordance with the loan contract signed on December 15, 2008 the Company is the guarantor of loans taken by its subsidiaries: AmRest Sp. z o.o. and American Restaurants s.r.o. Total limit of loans for all three entities was awarded at the level of PLN 440 million. As at December 31, 2009 the subsidiaries used PLN 322.6 million (AmRest sp. z o. o.) and CZK 443.9 million (AmRest s.r.o.) of awarded limit, what gave in total PLN 389.09 million.

Interests for borrowings amounted 3M WIBOR + 2% margin (AmRest sp. z o. o.) and 3M PRIBOR + 2% margin (AmRest s.r.o.). Effective interest rate for the loan in Poland amounted for last quarter of 2009 – 6,18%.

Due to good financial situation of the subsidiaries there is no risk that the Company will be required to repay loans taken by these subsidiaries.

12 Financial instruments

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

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

(in PLN thousands unless stated otherwise)

Credit risk

Financial instruments that are exposed to the credit risk include receivables and loans. As at December 31, 2009 maximum amount exposed to credit risk was 54 647 TPLN and consists of:

- intercompany receivables for loan granted to related party in the amount of 30 285 TPLN (Note 3),
- receivable from cashpooling and other receivables in the amount of 24 362 TPLN (Note 3).

The Company did not recognize impairment of assets listed above as well as not did create any write-offs.

Interest rate risk

The loan granted to the subsidiary (Note 3) was based on a floating interest rate. As at December 31, 2009, the Company did not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results.

Bonds obligation issued to the subsidiary (Note 4) is based on a fixed interest rate. As at December 31, 2009 the exposure to fair value risk of the obligation was not hedged. The fair value of that instruments, do 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.

As at December 31, 2009:

- if the Czech crown had strengthened/weakened by additional 10% against the polish zloty, profit for the period would have been 1 959 TPLN higher/lower.

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 the investment in the subsidiary (establishment of AmRest Acquisition Subsidiary and acquisition of 100% of shares in USSI, Note 2) the Company issued bonds (Note 4). As described in Note 4, these are zero coupon bonds to be terminated in 2012.

For the purpose of financing of investment activities of the Group Company has issued bonds (Note 4) for the amount of PLN 110 million. Description of this bonds is presented in note 4.

Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and financing of investments in subsidiaries.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total engaged capital. Net debt is calculated as total borrowings (including borrowings and payables) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The gearing ratios at December 31, 2009 and December 31, 2008 were as follows:

	12'2008	**12'2007**
Bonds obligations and other liabilities	183 061	73 121
Less: cash and cash equivalent	109 337	-
Net debt	73 724	73 121
Total equity	346 369	347 498
Capital involved	529 430	420 619
Gearing ratio	14%	17%

(in PLN thousands unless stated otherwise)

Recent volatility in global and country financial markets

The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in local and international stock markets. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing crisis is proving to be impossible to anticipate or completely guard against.

To the extent that information is available management have properly reflected revised estimates of expected future cash flows in their impairment assessments, however 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.

13 Earnings per share

The basic and diluted earnings per ordinary share for the 12-month period of 2009 and 2008 was calculated as follows:

	2009	2008
Profit for the period	(4 089)	8 178
Weighted average number of ordinary shares in issue	14 186 356	14 180 013
Impact of share issuance	-	1 640
Impact of share options awarded in 2005	13 970	45 952
Impact of share options awarded in 2006	1 818	22 090
Impact of share options awarded in 2007	-	-
Impact of share options awarded in 2008	-	-
Impact of share options awarded in 2009	-	-
Weighted average number of ordinary shares in issue	14 202 144	14 249 695
Profit per ordinary share		
Basic earnings per ordinary share	(0,29)	0,58
Diluted earnings per ordinary share	(0,29)	0,57

14 Significant events after the balance sheet date

- With effective date of January 12, 2010 Jacek Trybuchowski resigned from the function of Amrest Holdings SE Management Board Member because of personal reasons. Jacek Trybuchowski is still performing vital management functions in subsidiaries of AmRest Group.
- As at March 13, 2010 Supervisory Board of AmRest made a resolution to appoint Piotr Boliński for Amrest Holdings SE Management Board Member.
- As at February 24, 2010 year Group AmRest issued second tranche of bonds in result for financing of development of new restaurants in Central - Eastern Europe planned in 2010. AmRest issued 4,000 dematerialized bearer bonds at a par value of PLN 10,000 per one bond and an issue price equaled to 100% of the par value – the total value of issue amounted to PLN 40,000,000. All bonds have a variable interest

rate of 6M WIBOR increased by applicable margin and their maturity date is 30 December 2014. The interest will be paid semi-annually (on 30 June and 30 December) commencing from 30 June 2010. The bond issue has not been additionally secured. The estimated value of AmRest's liabilities as at the last day of the quarter preceding the offer amounted to PLN 766,600 thousand.

- As at April 22, 2010 Management Board of AmRest Holdings SE signed a Share Subscription Agreement between AmRest and WP Holdings VII B.V., registered in Amsterdam, The Netherlands. The Subscriber, which is an affiliate of Warburg Pincus, intends to subscribe for 4,726,263 new shares of the Company at a price of PLN 65 per share, which equates to 24.99% of the diluted share capital. In addition, within 12 months from the date on which the Subscription Shares are registered by the registry court proper for the Company's registered office, the Subscriber will have an option to subscribe for additional shares in up to two installments to the extent that its shareholding does not exceed 33% of the post-issuance share capital. The issuance price for the Additional Subscription Shares will be PLN 75 per share. The Subscription Shares will be issued to the Subscriber pursuant to the authority granted to the Management Board of AmRest on the basis of articles 444-4471 of the Polish Commercial Companies Code and §4 of the Company's statutes and with the approval of the Supervisory Board given in the resolution of 21 April 2010 for excluding the pre-emptive rights of current shareholders of the Company.

  The subscription will be finalized in two stages – Pre-Completion and Completion.

  At Pre-Completion, the Subscriber will transfer the total subscription price for the Subscription Shares to an escrow account. The Pre-Completion is conditional upon: (i) receipt of US regulatory approval (under Hard Scott Rodino Antitrust Improvements Act), (ii) receipt of consent from franchisors under contracts binding the Company (iii) demonstration by AmRest to the Subscriber that refinancing/restructuring of the full amount of AmRest Group's existing bank facilities will be achievable prior to 31 December 2010. If any of the Pre-Completion conditions cannot be satisfied or are waived, at the Subscriber's discretion, within 90 days from the Agreement date, the Agreement shall be terminated unless both parties agree otherwise.

  After the total subscription price has been transferred by the Subscriber, the Company will file an application with the registry court, proper for the Company's registered office, for registration of the Subscription Shares.

  Completion will take place at the moment of registering the increase in the share capital of the Company related to the Subscription Shares by the registry court proper for the Company's registered office. After Completion, the Company has committed to do all within its power to ensure that two candidates nominated by the Subscriber will be appointed to its Supervisory Board. If the registration of the Subscription Shares is not completed within 90 days starting from the date of Pre-Completion, the Subscriber may terminate this Agreement.

  The Company shall prepare a Prospectus to admit all of the Subscription Shares to trading on the Warsaw Stock Exchange as soon as possible after the Completion date and in any event within 120 days from that date. If the Prospectus is not prepared and submitted to the Polish Financial Supervision Authority within 120 days from the date of Completion then the Company shall pay a contractual penalty to the Subscriber of PLN 12 million. This penalty does not exclude Subscriber's right to claim damages exceeding the amount of penalty.

  If the Company does not comply with its obligation to issue the Additional Subscription Shares to the Subscriber then it will pay to the Subscriber a contractual penalty of PLN 6.50 for each Additional Subscription Share not so issued. This penalty does not exclude Subscriber's right to claim damages exceeding the amount of penalty.

  In the period between signing the Agreement and the time when both Subscriber candidates are appointed to the Supervisory Board, the Company shall operate its business in the usual way. At the same time, the Company shall not enter into any non-ordinary agreements, arrangements or obligations where the aggregate value exceeds PLN 12 million, unless the Subscriber agrees otherwise in writing. These limitations will expire after at least two candidates of the Subscriber are appointed to the Supervisory Board or in any event, after the third anniversary of the Completion.

In addition, the Management Board of AmRest announces that the Company has received the following notification in connection with the effected transaction from Mr. Henry McGovern, Chairman of the Supervisory Board of the Company. Mr. McGovern has declared that: (i) he will not resign from his office as a member of the supervisory board of the Company before the expiry of the current 6 (six) year term of his appointment; (ii) he will not reduce his shareholding in the Company or resign from his position with the Company. (iii) he will vote at the first General Meeting convened after the Completion in favor of appointing to the Company's Supervisory Board 2 (two) nominees of the Subscriber (this obligation shall cease to apply when Mr. Henry McGovern and the Subscriber's capital group together hold in aggregate more than 33% of votes).