AmRest Holdings SE
Consolidated annual financial statements as at and for the twelve months ended December 31, 2014

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Consolidated annual income statement
for the period ended December 31, 2014

In thousands of Polish Zloty

	Notes	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Continuing operations			
Restaurant sales		2 770 529	2 522 119
Franchise and other sales		182 122	178 779
Total sales	2	2 952 651	2 700 898
Company operated restaurant expenses:			
Food and material		(886 838)	(819 199)
Payroll and employee benefits		(609 537)	(547 787)
Royalties		(136 881)	(127 978)
Occupancy and other operating expenses		(868 230)	(802 442)
Franchise and other expenses		(124 951)	(129 993)
General and administrative (G&A) expenses		(195 359)	(216 823)
Impairment losses	2, 9,11	(40 414)	(67 526)
Other operating income	4	19 454	28 267
Total operating costs and losses	3	(2 842 756)	(2 683 481)
Profit from operations		**109 895**	**17 417**
Finance costs	2,6	(50 688)	(54 479)
Cost from put option valuation	2,6,34	-	63 482
Finance income	2,5	5 929	3 257
Income from associates	2,32	195	182
Profit before tax		**65 331**	**29 859**
Income tax expense	2,7	(19 261)	(11 144)
Profit for the period from continuing operations		**46 070**	**18 715**
Discontinued operations			
Profit(loss) on discontinued operations	8	-	(12 884)
Profit for the period		**46 070**	**5 831**
Profit attributable to:			
Non-controlling interests		(5 597)	(4 114)
Equity holders of the parent		51 667	9 945
Profit for the period		**46 070**	**5 831**
Basic earnings per share in Polish zloty	30	2,44	0.47
Diluted earnings per share in Polish zloty	30	2,44	0.46
Continuing operations			
Basic earnings/(loss) per share in Polish zloty	30	2,44	1.08
Diluted earnings/(loss) per share in Polish zloty	30	2,44	1.06
Discontinued operations			
Basic earnings per share in Polish zloty	30	(0,00)	(0.61)
Diluted earnings per share in Polish zloty	30	(0,00)	(0.60)

The consolidated income statement has to be analyzed jointly with the notes which constitute an integral part of these consolidated financial statements.

Consolidated annual comprehensive income statement
for the period ended December 31, 2014

In thousands of Polish Zloty	Notes	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Profit for the period		46 070	5 831
Other comprehensive income:			
Currency translation differences from conversion of foreign Entities		(65 583)	(23 600)
Valuation of PUT option liability	20	-	(11 233)
Net investment hedges	20	(17 161)	(4 962)
Cash flow hedges	20	-	(272)
Income tax concerning net investment hedges	20	3 261	994
Total items that may be reclassified subsequently to profit or loss		(79 483)	(39 073)
Total items that will not be reclassified to income statement		-	-
Other comprehensive income for the period, net of tax		**(79 483)**	**(39 073)**
Total comprehensive income for the period		**(33 413)**	**(33 242)**
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		(36 731)	(35 362)
Non-controlling interests		3 318	2 120

AmRest Holdings SE

Consolidated annual statement of financial position
as at December 31, 2014

In thousands of Polish Zloty	Notes	31.12.2014	31.12.2013
Assets			
Property, plant and equipment	9	1 016 329	1 005 709
Goodwill	12	578 322	601 344
Other intangible assets	11	528 070	519 732
Investment properties	10	22 152	22 152
Investments in associates	0	403	320
Finance lease receivables	16	-	-
Other non-current assets	13	47 060	44 572
Deferred tax assets	7	28 434	21 796
Total non-current assets		2 220 770	2 215 625
Inventories	14	51 638	47 197
Trade and other receivables	15, 35	66 345	83 115
Corporate income tax receivables	7	6 735	4 062
Other current assets	17	19 184	21 518
Other financial assets	19	-	272
Cash and cash equivalents	18	257 171	259 510
Total current assets		401 073	415 824
Total assets	2	**2 621 843**	**2 631 449**
Equity			
Share capital		714	714
Reserves	20	692 624	738 029
Retained earnings		304 420	252 753
Translation reserve	20	(86 216)	(11 718)
Equity attributable to shareholders of the parent		911 542	979 778
Non-controlling interests		64 100	64 746
Total equity		975 642	1 044 524
Liabilities			
Interest-bearing loans and borrowings	21	1 116 047	923 228
Finance lease liabilities	27	7 312	7 913
Employee benefit liability	23	39 606	3 930
Provisions	24	9 305	8 306
Deferred tax liability	7	103 591	120 375
Put option liability	2,34	-	-
Other non-current liabilities	25	17 145	22 670
Total non-current liabilities		1 293 006	1 086 422
Interest-bearing loans and borrowings	21	337	152 469
Finance lease liabilities	27	767	670
Trade and other accounts payable	26	344 873	335 979
Corporate income tax liabilities	7	7 218	11 220
Other financial liabilities	22	-	165
Total current liabilities		353 195	500 503
Total liabilities	2	1 646 201	1 586 925
Total equity and liabilities		**2 621 843**	**2 631 449**

The consolidated statement of financial position has to be analyzed jointly with the notes which constitute an integral part of these consolidated financial statements.

Consolidated annual cash flow statement
for period ended December 31, 2014

In thousands of Polish Zloty	Notes	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Cash flows from operating activities			
Profit before tax from continued operations	2,7	65 331	29 859
Profit/(loss) before tax from discontinued operations	7,8	-	(12 884)
Adjustments for:			
Share of profit of associates	0	(195)	(182)
Amortization	2,11	21 520	21 744
Depreciation	2,9	184 545	168 084
Interest expense, net	5,6	40 120	39 394
Put option valuation	2,34		(63 482)
Foreign exchange result	5,6	(2 181)	3 855
Loss on disposal of property, plant and equipment and intangibles	9	11 339	7 644
Impairment of property, plant and equipment and intangibles	9,11	33 025	61 763
Equity-settled share-based payments expenses	23	8 098	7 624
Working capital changes:	18		
Change in receivables		14 831	6 660
Change in inventories		(4 555)	(5 529)
Change in other assets		(702)	(808)
Change in payables and other liabilities		376	33 963
Change in other provisions and employee benefits		2 036	(3 557)
Income tax paid		(31 058)	(5 523)
Interest paid	6	(43 523)	(42 677)
Interest received	5	3 403	3 283
Dividends received from associates		-	87
Other		(6 484)	(3 374)
Net cash provided by operating activities		**295 926**	**245 944**
Cash flows from investing activities			
Proceeds from transactions with non-controlling interests		-	3 210
Proceeds from the sale of property, plant and equipment, and intangible assets	9,11	324	418
Acquisition of property, plant and equipment	9	(299 797)	(308 589)
Acquisition of intangible assets	11	(18 486)	(18 121)
Expenses on acquisition of subsidiaries, decreased by cash	2	-	1 553
Expenses for the settlement of the put option		-	(136 720)
Expense on loans given to other entities		1 737	(3 639)
Net cash used in investing activities		**(316 222)**	**(461 888)**
Cash flows from financing activities			
Proceeds from share issuance (employees options)		2 408	-
Expense on acquisition of own shares (employees options)		(6 645)	(2 105)
Proceeds from loans and borrowings		177 879	1 159 603
Repayment of loans and borrowings		(152 627)	(890 403)
Dividends paid to non-controlling interest owners		(3 964)	(588)
Proceeds/(repayment) of finance lease payables		(666)	(843)
Proceeds of finance lease receivables		150	167
Net cash provided by/(used in) financing activities		**16 535**	**265 831**
Net change in cash and cash equivalents		**(3 761)**	**49 887**
Balance sheet change of cash and cash equivalents		(2 339)	52 431
Cash and cash equivalents, beginning of period		259 510	207 079
Effect of foreign exchange rate movements		1 422	2 544
Cash and cash equivalents, end of period		**257 171**	**259 510**

The consolidated cash flow statement has to be analyzed jointly with the notes which constitute an integral part of these consolidated financial statements.

AmRest Holdings SE

Consolidated annual statement of changes in equity for the 12 months ended December 31, 2014

	Attributable to equity holders						
	Issued capital	Reserved capital	Retained Earnings	Cumulative translation adjustments	**Total equity attribu-table to equity hol-ders of the parent**	Non-controlling interest	**Total Equity**
As at January 1, 2013	714	610 764	242 805	18 116	**872 399**	155 527	**1 069 766**
COMPREHENSIVE INCOME							
Income for the period	-	-	9 945	-	**9 945**	(4 114)	**5 831**
Currency translation differences (note 20)	-	-	-	(29 834)	**(29 834)**	6 234	**(23 600)**
Impact of put option valuation as net investment hedges (note 2,34)	-	(11 233)	-	-	**(11 233)**	-	**(11 233)**
Valuation Impact of net investment hedging instruments	-	(4 962)	-	-	**(4 962)**	-	**(4 962)**
Impact of cash flow hedging	-	(272)	-	-	**(272)**	-	**(272)**
Deferred income tax concerning net investment hedges (note 7)	-	994	-	-	**994**	-	**994**
Total Comprehensive Income	**-**	**(15 473)**	**9 945**	**(29 834)**	**(35 362)**	**2 120**	**(33 242)**
TRANSACTION WITH NON-CONTROLLING SHAREHOLDERS							
Equity attributable to non-controlling interests	-	-	-	-	**-**	3 210	**3 210**
Settlement of minority interest in settlement of a put option	-	137 447	-	-	**137 447**	(137 447)	**-**
Non-controlling interests reconciliation due the put option settlement	-	-	-	-	**-**	(501)	**(501)**
Total transaction with non-controlling shareholders	**-**	**137 447**	**-**	**-**	**137 447**	**(134 738)**	**2 709**
TRANSACTION WITH SHAREHOLDERS							
Employees share option scheme – value of employee services	-	7 624	-	-	**7 624**	-	**7 624**
The net result for treasury shares		(2 106)	-	-	**(2 106)**	-	**(2 106)**
Purchase of treasury shares	-	(227)	-	-	**(227)**	-	**(227)**
Total transaction with shareholders	**-**	**5 291**	**-**	**-**	**5 291**	**-**	**5 291**
As at December 31, 2013	**714**	**738 029**	**252 753**	**(11 718)**	**979 778**	**64 746**	**1 044 524**
As at January 1, 2014	**714**	**738 029**	**252 753**	**(11 718)**	**979 778**	**64 746**	**1 044 524**
COMPREHENSIVE INCOME							
Income for the period	-	-	51 667	-	**51 667**	(5 597)	**46 070**
Currency translation differences (note 20)	-	-	-	(74 498)	**(74 498)**	8 915	**(65 583)**
Impact of put option valuation as net investment hedges (note 2,34)	-	(17 161)	-	-	**(17 161)**	-	**(17 161)**
Impact of net investment hedging (note 7)	-	3 261	-	-	**3 261**	-	**3 261**
Total Comprehensive Income	**-**	**(13 900)**	**51 667**	**(74 498)**	**(36 731)**	**3 3318**	**(33 413)**
TRANSACTION WITH NON-CONTROLLING SHAREHOLDERS							
Dividends paid to non-controlling shareholders	-	-	-	-	**-**	(3 964)	**(3 964)**
Total transaction with non-controlling shareholders	**-**	-	**-**	**-**	**-**	**(3 964)**	**(3 964)**
TRANSACTION WITH SHAREHOLDERS							
Employees share option scheme – value of employee services	-	8 098	-	-	**8 098**	-	**8 098**
Change of employees share option scheme (note 23)	-	(34 939)	-	-	**(34 939)**	-	**(34 939)**
Net result on treasury share transaction	-	(876)	-	-	**(876)**	-	**(876)**
Purchase of treasury shares	-	(3 788)	-	-	**(3 788)**	-	**(3 788)**
Total transaction with shareholders	**-**	**(31 505)**	**-**	**-**	**(31 505)**	**-**	**(31 505)**
As at December 31, 2014	**714**	**692 624**	**304 420**	**(86 216)**	**911 542**	**64 100**	**975 642**

The statement of changes in consolidated equity has to be analyzed jointly with the notes which constitute an integral part of these consolidated financial statements.

1. Information on the Group and significant accounting policies

a) General information

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).

Here after, the Company and its subsidiaries shall be referred to as “the Group”. The Group’s consolidated financial statements for the 12-month period ended December 31, 2014 cover the Company, its subsidiaries and the Group’s shares in associates.

These consolidated financial statements were approved by the Company’s Management Board on March 18, 2015.

The Group’s core activity is operating Kentucky Fried Chicken (“KFC”), Pizza Hut, Burger King and Starbucks restaurants through its subsidiaries in Poland, the Czech Republic (further Czech), Hungary, Russia, Serbia, Croatia, Bulgaria and Spain, on the basis of franchises granted. In Spain, France, Germany, China and The United States of America (further USA) the Group operates its own brands La Tagliatella, Trastevere and il Pastificcio. This business is based on the franchise agreements signed with non related companies and own restaurants. It is supported by the central kitchen which produces and delivers products to the whole network of own brands. Additionally, in China since December 21, 2012 the Group operates its own brands Blue Frog and KABB.

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

As at December 31, 2014, WP Holdings VII B.V. was the largest shareholder of AmRest and held 31.71% of its shares and voting rights.

Pursuant to the information available to the Company, as at the date of release of this annual report, that is March 18, 2015 the following shareholders submitted information on holding directly or indirectly (through subsidiaries) 5% or more of the total vote at the General Shareholders Meeting of AmRest Holdings SE:

Shareholders	Shares amount	Share in Equity%	Shares amount at AGM	Share at AGM%
WP Holdings VII B.V.	6 726 790	31.71%	6 726 790	31.71%
ING OFE	4 000 000	18.86%	4 000 000	18.86%
PZU PTE*	3 000 000	14.14%	3 000 000	14.14%
Aviva OFE	2 110 000	9.95%	2 110 000	9.95%
Other shareholders	5 377 103	25,34%	5 377 103	25,34%

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

Pizza Hut and KFC restaurants operate on the basis of franchise agreements signed with YUM! and YUM! Restaurants International Switzerland, Sarl ("YRIS") which is a subsidiary of YUM! Each of the franchise agreements covers a period of 10 years, with the possibility of extending it for a further 10-year period, which is conditional to meeting operating terms and conditions specified in the agreements.

On March 8, 2007, the Company signed a "Development Agreement" with Burger King Europe GmbH ("BKE"), relating to opening and operating Burger King restaurants in Poland on a franchise basis. Burger King restaurants operate on the basis of franchise agreements signed with Burger King Europe GmbH with its registered office in Zug, Switzerland. Each of the franchise agreements covers a period of 10 years, with the possibility of extending it for a further 10-year period, which is conditional to meeting specific terms and conditions specified in the agreements. For restaurants opened between March 01, 2009 and June 30, 2010 and after this period the franchise agreement was prolonged from 10 to 20 years from the opening date of new restaurants, but without possibility to prolong this period for next 10 years.

The main terms and conditions of the signed "Development Agreement" are as follows:

- During the first two years after opening the first Burger King restaurant by the Group, BKE will pay to the advertising and sales promotion fund an amount equal to 2.5% of the monthly sales of all Burger King restaurants operated by the Group. During the third year of opening the first Burger King restaurant by the Group, BKE will pay to the advertising and sales promotion fund an amount equal to 2.0% of the monthly sales of all Burger King restaurants operated by the Group.
- During the first five years, the preliminary fee paid by the Group in respect of franchise agreements concluded for each Burger King restaurant for a period of 10 years will amount to USD 25.000 (should the Group extend the franchise period for a further 10 years, the fee for renewing the franchise will amount to another USD 25.000). Upon opening each consecutive Burger King restaurant exceeding the number of restaurants specified in the development plan, the preliminary fee will be reduced by 50%.

As at August 10, 2010 between BKE, AmRest sp. z o.o., AmRest BK s.r.o.(present AmRest s.r.o. after the merger as at December 28, 2011) and Company "Strategic Development Agreement" was signed partially amending "Development Agreement" and franchise agreement was signed with AmRest Sp. z o.o. and AmRest BK s.r.o., considering opening and running Burger King restaurants, in Poland and Czech, respectively.

Agreement describes terms of opening and operating new Burger King restaurant in Poland and Czech. In this agreement were agreed amounts of new Burger King restaurants, that AmRest Sp. z o.o. in Poland and AmRest s.r.o. in Czech is obliged to open in agreed timeframe. In this agreement were also agreed rules of modification in agreed chain development schedules for given year. It was also established in agreement that if AmRest Sp. z o.o. or AmRest s.r.o. will not fulfill their obligations from development agreements concerning amount of new openings, each side of agreement (Group and BKE) will have right to cancel development agreement according to rules described in development agreement.

Validity period of franchisee agreement, therefore licenses for Burger King restaurants opened in Poland in period from March 1, 2009 till June 30, 2010, and also for newly opened restaurants in Poland was extended from 10 to 20 years since date of restaurant opening, however without option of prolongation for next 10 years, what was provided in original development agreement with AmRest sp. z o.o. In relation to restaurants opened in Poland in the period from March 1, 2009 to June 30, 2010 and in relation to restaurants opened in after this period (for franchise agreements for 20 years) was increased also amount of initial franchise payment from 25.000 USD to 50.000 USD.

According to „Strategic development agreement", Companies of the Group guaranteed to BKE fulfilling of AmRest sp. z o.o. and AmRest s.r.o obligations resulting from development agreements. Companies of the Group are committed to cover any damages to BKE caused by the developers actions, that is AmRest sp. z o.o. and AmRest s.r.o. At the present moment the Group companies are in the process of renegotiating the terms of contracts, particularly in the area of established development plans, in order to negotiate favorable conditions for further development.

The agreement was concluded for a fixed term until 30 June 2015. Provided that the duration of the contract will be extended until the end of the development agreements concluded with AmRest Sp. z o.o and AmRest s.r.o.

On January 31, 2014. Between Burger King Europe GmbH (BKE), AmRest Sp. z oo and AmRest Holdings SE, an annex to the "Strategic Development Agreement" ("Strategic Development Agreement"), amending, as part of the above-mentioned "Development Agreement" and the franchise agreement signed with AmRest Sp. z oo, for opening and running Burger King restaurants in Polish in 2013-2015.

On May 25, 2007, the Group signed agreements with Starbucks Coffee International, Inc. (“Starbucks”) relating to the development of Starbucks cafés in Poland, the Czech and Hungary. The agreement covers a period to May 31, 2022 and provides for an option to extend it for another 5 years, after specific terms and conditions have been met.

The Parties established three separate companies in each of the 3 countries: Poland, the Czech and Hungary. On March 27, 2007, a new company was established in Poland – AmRest Coffee Sp. z o.o. The Czech AmRest Coffee s.r.o. was established on August 14, 2007, and the Hungarian AmRest Kávézó Kft on August 31, 2007. These companies are the only entities authorized to develop and run Starbucks cafés in Poland, the Czech and Hungary, without exclusivity rights to some of the institutional locations.

The Group took up 82%, and Starbucks 18% of the share capital in the newly established companies. In the ninth year Starbucks will have an unconditional option to increase its shares to a maximum of 50%. In the event of a disputed take-over or change of control over the Company and/or its shareholders, Starbucks will be entitled to increase its share to 100% by purchasing shares from the Group. According to Company’s Management assessment as at the day of this financial statement issuance, there are no material indicators making mentioned above options realizable.

The Group will be obliged to develop and run Starbucks cafés in accordance with the development plan which stipulates the minimum number of cafés to be opened each year in the period of the agreements being in force. Should the Group not discharge the duties following from the development plan, Starbucks will be entitled to charge it contractual penalty or terminate the agreements. The Agreements also include provisions relating to deliveries of coffee and other basic raw materials from Starbucks or other approved or determined suppliers.

Group is running proprietary brands from La Tagliatella group since April 28th, 2011, when controlling interests of Spanish AmRestTAG S.L. were acquired, and Blue Frog and KABB since December 21st, 2012, when Group acquired controlling interests in Blue Horizon Hospitality PTE Ltd. Group.

La Tagliatella proprietary brands are run as equity stores mostly on Spanish market and heavily developed new markets, additionally in Spain are present frichise activities together with well developed supply chain managements processes. In franchise activities entities within Spanish Group are signing agreements with third parties to run restaurant under proprietary brand of AmRest, according to agreement terms they are expected to follow set standards, use common supply chain and pay agreed intital fee and monthly franchise fee based as percentage of net sales. This agreeemnts are long term with restricted terms of notice. La Tagliatella restaurants are places with unique décor serving Italian food, based on fresh, high quality and original ingridients, served in fast casual form.

Proprietary brands of Blue Frog and KABB are only located within China. In modern interriors dishes from contemporary western quisine are served meeting high demand from mid and upper class. KABB brand is perceived as premium one with high quality of service and food offered.

As at December 31, 2014 , the Group comprised the following subsidiaries:

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
Holding activity				
AmRest Acquisition Subsidiary Inc.	Wilmington, USA	AmRest Holdings SE	100.00%	May 2007
AmRest TAG S.L.U	Madrid, Spain	AmRest Sp. z o.o.	100.00%	March 2011
AmRestavia S.L.U.	Madrid, Spain	AmRest TAG S.L.U.	100.00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	AmRestavia S.L.U.	16.52%	April 2011
		AmRest TAG S.L.U.	83.48%	
AmRest Services Sp. z o.o. in liquidation*	Wroclaw, Poland	AmRest Sp. z o.o.	100.00%	April 2011
AmRest HK Ltd	Hong Kong, China	AmRest Holdings SE	83.00%	September 2011
		Stubbs Asia Limited	17.00%	
Blue Horizon Hospitality Group PTE Ltd	Singapore, China	AmRest Holdings SE	60.18%	December 2012
		WT Equities	15.93%	
		BHHG	15.93%	
		MJJP	3.98%	
		Coralie Danks	3.98%	
Bigsky Hospitality Group Ltd	Hong Kong, Chiny	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
New Precision Ltd	Apia, Samoa	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
Horizon Group Consultants (BVI)	Road Town, Tortola, BVI	Blue Horizon Hospitality Group PTE Ltd	100.00%	December 2012
Restaurant activity				
AmRest Sp. z o.o.	Wroclaw, Poland	AmRest Holdings SE	100.00%	December 2000
AmRest s.r.o.	Prague, Czech	AmRest Holdings SE	100.00%	December 2000
AmRest Kft	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	June 2006
AmRest Coffee Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o.	82.00%	March 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest EOOD	Sofia, Bulgaria	AmRest Holdings SE	100.00%	April 2007
OOO AmRest	Petersburg, Russia	AmRest Acquisition Subsidiary Inc.	0.88%	July 2007
		AmRest Sp. z o.o.	99.12%	
AmRest Coffee s.r.o.	Prague, Czech	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest Kávézó Kft	Budapest, Hungary	AmRest Sp. z o.o.	82.00%	August 2007
		Starbucks Coffee International, Inc.	18.00%	
AmRest d.o.o.	Belgrad, Serbia	AmRest Sp. z o.o.	60.00%	October 2007
		ProFood Invest GmbH	40.00%	
AmRest LLC	Wilmington, USA	AmRest Sp. z o.o.	100.00%	July 2008
Da Via, LLC	Kennesaw, USA	AmRestavia S.L.U.	100.00%	June 2013
La Tagliatella - Crown Farm, LLC	Gaithersburg, USA	AmRestavia S.L.U.	100.00%	June 2013
La Tagliatella - Seneca Meadows, LLC	Gaithersburg, USA	AmRestavia S.L.U.	100.00%	June 2013
Restauravia Food S.L.U.	Madrid, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Service S.L.U.	Lleida, Spain	Restauravia Grupo Empresarial S.L.	100.00%	April 2011
Pastificio Restaurantes S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011
Tagligat S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100.00%	April 2011

Company name	Seat	Parent/non-controlling undertaking	Owner-ship interest and total vote	Date of effective control
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
La Tagliatella LLC	Wilmington, USA	AmRestavia S.L.U.	100.00%	April 2012
AmRest Adria 2 d.o.o.	Ljubljana, Slovenia	AmRest Sp. z o.o	100.00%	August 2012
Frog King Food&Beverage Management Ltd	Szanghai, China	Bigsky Hospitality Group Ltd	100.00%	December 2012
Blue Frog Food&Beverage Management Ltd	Szanghai, China	New Precision Ltd	100.00%	December 2012
Shanghai Kabb Western Restaurant Ltd	Szanghai, China	Horizon Group Consultants (BVI)	97.50%	December 2012
		Shanghai Renzi Business Consultancy Co. Ltd	2.50%	
La Tagliatella – The Promenade, LLC	Virginia, USA	AmRestavia S.L.U.	100.00%	October 2013
AmRest Skyline GmbH	Cologne, Germany	AmRestavia S.L.U.	100.00%	October 2013
Pizzarest S.L.U.	Lleida, Spain	Pastificio Service S.L.U.	100,00%	September 2014
Financial services for the Group				
AmRest Capital Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
AmRest Finance Zrt	Budapest, Hungary	AmRest Sp. z o.o.	100.00%	November 2011
La Tagliatella International Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Financing Kft	Budapest, Hungary	AmRestavia S.L.U.	100.00%	November 2012
La Tagliatella Asia Pacific Ltd	Hong Kong, China	AmRestavia S.L.U.	100.00%	November 2012
Olbea s.r.o.**	Prague, Czech	AmRest Cofee s.r.o.	100.00%	June 2013
La Tagliatella SAS	Lyon, France	AmRestavia S.L.U.	100.00%	March 2014
AmRest FSVC, LLC	Delaware, USA	AmRest Holdings SE	100,00%	November 2014
Supply services for restaurants operated by the Group				
SCM Sp. z o.o.	Chotomow, Poland	AmRest Sp. z o.o.	51.00%	October 2008
		Zbigniew Cylny	44.00%	
		Beata Szafarczyk-Cylny	5.00%	
Lack of business activity				
AmRest Ukraina t.o.w.	Kiev, Ukraine	AmRest Sp. z o.o.	100.00%	December 2005
AmRest Work Sp. z o.o.	Wroclaw, Poland	AmRest Sp. z o.o	100.00%	March 2012

* On March 6, 2015 AmRest Services Sp. z o.o. was liquidated.
** From January 1st, 2015 AmRest Coffee s.r.o. was merged with Olbea s.r.o.

AmRest Holdings SE
Plac Grunwaldzki 25-27
50-365 Wrocław
Poland

100%
AmRest Sp. z o.o.
Pl. Grunwaldzki 25-27
50-365 Wrocław
Poland

100%
AmRest Acquisition Subsidiary Inc.1209 Orange Street, Wilmington, County of New Castle, 19801,USA

100%
AmRest s.r.o.
Evropská 2591/33e
160 00 Praha 6
Czech Republic

100%
AmRest EOOD
164 Sofia, „Lozenetz" region, 1 „Momin kladenetz" Str., fl. 3, Republic of Bulgaria

83%
AmRest HK Ltd
Central Plaza, 18 Harbour Road, WanChai, Hong Kong

60,18%
Blue Horizon Hospitality Group PTE Ltd
70A Club Street
069443 Singapore

100%
AmRest FSVC, LLC
1209 Orange Street, Wilmington, 19801, USA

3,98%
MJJP

3,98%
CORALIE DANKS

15,93%
WT EQUITIES

15,93%
BHHG

99,12%
0,88%
OOO AmRest
36/40 Sredniy Prospect of Vasilievsky Island
St. Petersburg,
Russia

100%
AmRest Tag S.L.U.
Calle Enrique Granados, 6, (28.224)
Pozuelo de Alarcón – Madrid, Spain

100%
AmRestavia S.L.U.
Calle Enrique Granados, 6, (28.224)
Pozuelo de Alarcón – Madrid, Spain

83,48%
16,52%
Restauravia Grupo Empresarial S.L.
Calle Enrique Granados, 6, (28.224)
Pozuelo de Alarcón
Madrid, Spain

17%
Stubbs Asia Ltd
Suite 1004,Bank of America Tower,
12 Harcourt Road, Central
Hong Kong

100%
AmRest Restaurant Management (Shanghai) Co.Ltd
138 Rui Hong Road, Hongkou, District,
Shanghai, PRC

100%
Restauravia Food S.L.U.
28224 Pozuelo de Alarcon,
Madrid, Spain

100%
Pastificio Service S.L.U.
25191 Lleida, Spain

100%
Pastificio S.L.U.
25191 Lleida, Spain

100%
Tagligat S.L.U.
25191 Lleida, Spain

100%
Pastificio Restaurantes S.L.U.
25191 Lleida, Spain

100%
Pizzarest S.L.U.
25191 Lleida, Spain

100%
La Tagliatella Financing Kft.
1139 Budapest, Teve utca 1. a-c./ IX.em,
Hungary
[USA Branch / Malta Branch]

100%
La Tagliatella International Kft.
1139 Budapest, Teve utca 1. a-c./ IX.em,
Hungary
[USA Branch/ Malta Branch]

100%
AmRest SAS
4 rue St Sidoine, 69003 Lyon, France

100%
AmRest GmbH.
Hansaring 61, 50670 Köln (Cologne),
Germany

100%
AmRest Skyline GmbH.
Hansaring 61, 50670 Köln (Cologne),
Germany

100%
La Tagliatella SAS
55 rue Baraban, 69003 Lyon,
France

100%
La Tagliatella Asia Pacific Limited
Central Plaza 18 Harbour Road,
WanChai, HK

100%
La Tagliatella LLC
1209 Orange Street, Wilmington, 19801
Delaware, USA

100%
La Tagliatella
Crown Farm LLC
9321 Watkins Road, Gaithersburg,
202882, Maryland, USA

100%
La Tagliatella – The Promenade LLC
2644 Five Oaks Road, Vienna, 22181,
Virginia, USA

100%
Da VIA LLC
2045 Attic Parkway, Kennesaw, 20882,
Georgia, USA

100%
La Tagliatella
Seneca Meadows LLC
9321 Watkins Road, Gaithersburg, 20882,
Maryland, USA

100%
Bigsky Hospitality Group Ltd
3905 Two Exchange Square, 8
Connaught Place, Central, Hong Kong

100%
Frog King Food & Beverage Mangement Ltd
L131, 1 F/L Kerry Parkside, No. 1378
Hua Mu RD, Pu Dong, Shanghai PRC

100%
New Precision Ltd
Offshore Chambers, P.O. Box 217, Apia,
Samoa

100%
Blue Frog Food & Beverage Management Ltd
R3 Bi Yun Sports Center, 633 Bi Yun
RD, Pu Dong
Shanghai PRC

100%
Horizon Group Consultants
Omar Hodge Building, Wickhams Cay I,
P.O. Box 362, Road Town, Tortola, BVI

97,50%
Shanghai Kabb Western Restaurant Ltd
1st F/L, Block 2,3&5, No. 181 Tai Cang
RD
Shanghai PRC

2,50%
Shanghai Renzhi Business Consultancy CO. Ltd PRC

100%
AmRest Finance Zrt.
1139 Budapest, Teve utca 1. a-c./ IX.em,
Hungary
[Branch in Malta]

100%
AmRest Capital Zrt.
1139 Budapest, Teve utca 1. a-c./ IX.em,
Hungary
[Branch in Malta]

100%
AmRest Ukraina t.o.w.
ul. Inženerna 4,
01013 Kiev, Ukraine

100%
AmRest LLC
2120 Powers Ferry Road
Suite 350
Atlanta, GA 30339, USA

100%
AmRest Adria d.o.o.
Ivana Lucica 2a/15 Zagreb
Croatia

100%
AmRest Adria 2 d.o.o.
Bleiweisowa cesta 30
1000 Ljubjana
Slovenia

100%
AmRest Work Sp. z o.o.
Plac Grunwaldzki 25-27
50-365 Wrocław,
Poland

100%
AmRest Services Sp. z o.o. w likwidacji
Pl. Grunwaldzki 25-27 (50-365)
Wrocław, Poland

60%
AmRest d.o.o.
Trajka Rajkovića 5/4
11070 Novi Beograd
Serbia

40%
ProFood Invest GmbH
Hedwiggasse 4,26, 1020 Wien, Austria

100%
AmRest Kft
1139 Budapest, Teve utca 1. a-c./ IX.em,
Hungary

82%
18%
AmRest Coffee Sp. z o.o.
Pl. Grunwaldzki 25-27
50-365 Wrocław
Poland

82%
18%
AmRest Coffee s.r.o.
Evropská 2591/33e,
160 00 Praha 6,
Czech Republic

100%
Olbea s.r.o.
Jakubska 647/2
110 00 Praha
Czech Republic

82%
18%
AmRest Kavezo Kft.
1139 Budapest, Teve utca 1. a-c./ IX.em,
Hungary

Starbucks Coffee International Inc.
2401 Utah Avenue South Seattle, 98134
USA

51%
SCM Sp. z o.o.
ul.Ojca Augustyna Kordeckiego 12,
05-123 Chotomów, Poland

49%
Zbigniew /Beata Cylny

90%
SCM s.r.o.
Evropská 2591/33e
160 00 Praha 6
Czech Republic

10%
Ondrej Razga

LEGEND :

AmRest Holdings SE

Restaurant activity

Holding activity

Financial and other activity

Non-controling shareholders

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

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

The Group's office is in Wroclaw, Poland. At December 31, 2014 the restaurants operated by the Group are located in Poland, the Czech Republic, Hungary, Russia, Bulgaria, Serbia, Croatia, the United States of America, Spain, Germany, France and China.

At December 31, 2014 i December 31, 2013 the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group:

Summarised balance sheet

2014	AmRest HK Ltd	Blue Horizon Hospitality Group PTE Ltd.	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o.o.	SCM Sp. z o.o.	AmRest d.o.o.
Current Assets	1 660	18 553	12 289	5 256	8 794	12 460	2 024
Liabilities	(8 684)	(29 890)	(7 815)	(3 206)	(8 602)	(2 915)	(1 577)
Total current net assets	(7 024)	(11 337)	4 474	2 050	192	9 545	447
Non-current assets	-	74 341	25 074	11 686	39 689	2 759	3 139
Liabilities	-	(11 387)	(105)	(259)	(696)	(89)	(7)
Total non-current net assets	-	62 954	24 969	11 427	38 993	2 670	3 132
Net assets	(7 024)	51 617	29 443	13 477	39 185	12 215	3 579

2013	AmRest HK Ltd	Blue Horizon Hospitality Group PTE Ltd.	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o.o.	SCM Sp. z o.o.	AmRest d.o.o.
Current Assets	5 138	18 641	8 347	5 163	11 338	15 957	1 629
Liabilities	(8 065)	(19 859)	(5 877)	(3 167)	(9 145)	(2 046)	(1 680)
Total current net assets	(2 927)	(1 218)	2 470	1 996	2 193	13 911	(51)
Non-current assets	9 387	45 644	24 855	11 335	48 464	2 031	4 404
Liabilities	-	(5 056)	(64)	(98)	(51)	(242)	(6)
Total non-current net assets	9 387	40 588	24 791	11 237	48 413	1 789	4 398
Net assets	6 460	39 370	27 261	13 233	50 606	15 700	4 347

Summarised income statement

2014	AmRest HK Ltd	Blue Horizon Hospitality Group PTE Ltd.	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o.o.	SCM Sp. z o.o.	AmRest d.o.o.
Total sales	5 371	142 157	47 218	22 127	63 956	30 166	12 877
Profit before tax	(16 186)	(7 730)	2 317	359	(11 421)	3 212	(611)
Income tax expense/income	-	279	589	299	-	1 199	-
Profit/loss for the period	(16 186)	(7 451)	1 728	657	(11 421)	4 411	(611)
Profit/loss for the period allocated to Non-controlling interests	2 930	2 958*	(311)	(118)	2 056	(2 161)	244

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

2013	AmRest HK Ltd	Blue Horizon Hospitality Group PTE Ltd.	AmRest Coffee s.r.o.	AmRest Kávézó Kft	AmRest Coffee Sp. z o.o.	SCM Sp. z o.o.	AmRest d.o.o.
Total sales	5 679	99 469	42 971	19 970	58 258	29 674	13 695
Profit before tax	(13 929)	(1 458)	(1 246)	(1 258)	(9 163)	3 187	170
Income tax expense/income	-	(332)	49	260	-	1 240	(678)
Profit/loss for the period	(13 929)	(1 126)	(1 197)	(997)	(9 163)	4 427	(508)
Profit/loss for the period allocated to Non-controlling interests	(3 159)**	(550)	(215)	(179)	(1 649)	2 169	(203)
Total sales	5 679	99 469	42 971	19 970	58 258	29 674	13 695

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

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

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

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

The subsidiaries in which they have non-controlling interest, there are no significant restrictions on the possibility of accesses to the assets or their use and settlement of obligations.

Group companies with non-controlling interests at the date of publication of this report, did not prepare the cash flows in accordance with the International Financial Reporting Standards. From the point of view of the Group, they are not meaningful, because to a large extent they are by transactions with related parties.

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

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

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

- IFRS 11 "Joint Arrangements" Group has applied the change from 1 January 2014, the amendment has no material impact on the consolidated financial statements.
- IFRS 12 "Disclosure of Interests in Other Entities" Group has applied the change from 1 January 2014.All required disclosures are included in the consolidated financial statements.
- Revised IAS 27 "Separate Financial Statements" Group has applied the change from 1 January 2014, the amendment has no material impact on the consolidated financial statements.
- Revised IAS 28 "Investments in Associates and Joint Ventures" Group has applied the change from 1 January 2014, the amendment has no material impact on the consolidated financial statements.
- Changes in the transitional provisions of IFRS 10, IFRS 11, IFRS 12, Group has applied the change from 1 January 2014 amendment has no material impact on the consolidated financial statements.
- Investment Entities - amendments to IFRS 10, IFRS 12 and IAS 27 Group has applied the change from 1 January 2014, the amendment has no material impact on the consolidated financial statements.

- Offsetting financial assets and financial liabilities - Amendments to IAS 32 Group has applied the change from 1 January 2014, the amendment has no material impact on the consolidated financial statements.
- Recoverable amount disclosure for non-financial assets - Amendments to IAS 36 Group has applied the change from 1 January 2014, the amendment has no material impact on the consolidated financial statements.
- Novation of derivatives and continuation of hedge accounting - Amendments to IAS 39 Group has applied the change from 1 January 2014, the amendment has no material impact on the consolidated financial statements.

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

- IFRS 9 "Financial Instruments" replacing IAS 39.
  IFRS 9introduces one model, according to which financial as sets are required to be classified into two measurement categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. Classification on initial recogni tion 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. The key change is the requiremen t to present in other comprehensive income, a signif icant change in credit risk relating to financial liabilities designated to be measured at fair value through profit and loss. Hedge accounting requirements were amended to align accounting more closely with risk management.
  The amendments have not yet been endorsed by the EU.
- Amendments to IFRS 2010-2012.
  International Accounting Standards Board has published in December 2013 . "Improvements to IFRSs 2010-2012 " which amend 7 standards . The amendments include changes in presentation, recognition and valuation and include terminology and editorial changes . The amendments are effective for the most part for annual periods beginning on or after 1 July 2014 .
  The Group will apply these amendments to IFRS from 1 January 2016 .
  The Group considers this change will not have a significant impact on the consolidated financial statements..
- Amendments to IFRS 2011-2013.
  International Accounting Standards Board has published in December 2013 . "Improvements to IFRSs 2011-2013 " , which change 4 standards . The amendments include changes in presentation, recognition and valuation and include terminology and editorial changes . The amendments are effective for annual periods beginning on or after 1 July 2014 .
  The Group will apply these amendments to IFRS from 1 January 2015 .
  The Group considers this change will not have a significant impact on the consolidated financial statements.
- FRS 14 " Regulatory accruals ".
  IFRS 14 is effective for annual periods beginning on or after 1 January 2016 . Or after that date. This standard allows individuals who produce financial statements in accordance with IFRS for the first time , to the recognition of the amounts resulting from the activities of regulated prices in accordance with the previously applied accounting principles . To improve comparability with units which already apply IFRS and do not show such amounts in accordance with the published IFRS 14, the amounts resulting from the activities of regulated prices, should be subject to the presentation in a separate location, either in the statement of financial position as well as in the income statement and statement of other comprehensive income.
  The Group will apply these amendments to IFRS from 1 January 2016 .
  The Group considers this change will not have a significant impact on the consolidated financial statements.
- IFRIC 21 "Taxes and Fees ".
  IFRIC Interpretation 21 was published on 20 May 2013 . And is effective for financial years beginning on 17 June 2014 . Or after that date.

The interpretation clarifies the accounting recognition of liabilities for payment of fees and taxes that are not income taxes . Obligating event is the event of the law resulting in the need to pay tax or fee . The mere fact that the unit will continue to operate in the next period, or to draw up a report in accordance with the going concern principle , does not create a need to recognize the commitment. The same principles apply to liability recognition of annual and interim reports . Application of the interpretation of the obligations arising from emission rights is optional.
The Group will apply IFRIC 21 from 1 January 2015 .
The Group considers this change will not have a significant impact on the consolidated financial statements.

- Amendments to IFRS 11 on the purchase of a share in a common activity.
  This amendment to IFRS 11 requires the investor when he acquires a share in a common business activity which is as defined in IFRS 3 application to acquire its share of the accounting rules on businesses connections in accordance with IFRS 3 and the rules under other standards , unless they are contrary to the guidelines contained in IFRS 11 .
  The change is effective for annual periods beginning on or after 1 January 2016 .
  The Group will apply the change from 1 January 2016 .
  The Group considers this change will not have a significant impact on the consolidated financial statements.
- Amendments to IAS 16 and IAS 38 concerning Depreciation
  The amendment clarifies that the use of the depreciation method based on revenues is not appropriate because the revenues generated in the business , which uses data assets also reflect factors other than the consumption of economic benefits from the asset.
  The change is effective for annual periods beginning on or after 1 January 2016 .
  The Group will apply the change from 1 January 2016 .
  The Group considers this change will not have a significant impact on the consolidated financial statements.
  At the date of preparation of these consolidated financial statements , this change has not yet been approved by the European Union .
  Amendments to IAS 16 and IAS 41 concerning . Crops .
  The amendments require the recognition of certain manufacturing plants , such as vines , rubber trees or palm oil (ie . That give crops for many years and are not intended for sale in the form of planting or harvesting at harvest time) in accordance with the requirements of IAS 16 "Property , Plant and Equipment "because its cultivation is analogous to the production. As a result of these changes include such plants within the scope of IAS 16 and not IAS 41 fetuses from these plants still in the range of IAS 41 .
  Amendments were published on 30 June 2014 . And are effective for annual periods beginning on or after 1 January 2016 .
  The Group will apply the change from 1 January 2016 .
  The Group considers this change will not have a significant impact on the consolidated financial statements.
  At the date of preparation of these consolidated financial statements , this change has not yet been approved by the European Union .
- Amendments to IAS 27 concerning . The equity method in the separate financial statements . Amendment to IAS 27 allows the use of the equity method as one of the optional methods of accounting for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.
  Amendment to IAS 27 allows the use of the equity method as one of the optional methods of accounting for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.
  The amendments were published on 12 August 2014 . And are effective for annual periods beginning on or after 1 January 2016 .
  The Group will apply the change from 1 January 2016 .

The Group considers this change will not have a significant impact on the consolidated financial statements.
At the date of preparation of these consolidated financial statements , this change has not yet been approved by the European Union

- Amendments to IFRS 10 and IAS 28 concerning. Sales or transfers of assets between the investor and its associates or joint ventures.
  Changes to solve the problem of the current inconsistencies between IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture are the "business" (ang. Business).
  If the non-monetary assets are "business", the investor will show the full gain or loss on the transaction. If the assets do not meet the definition of a business, the investor recognizes a gain or loss except for the part representing the interests of other investors.
  The amendments were published on 11 September 2014. And are effective for annual periods beginning on or after 1 January 2016.
  The Group will apply the change from 1 January 2016.
  The Group considers this change will not have a significant impact on the consolidated financial statements.
  At the date of preparation of these consolidated financial statements, this change has not yet been approved by the European Union.
- Amendments to IFRS 2012-2014
  International Accounting Standards Board published in September 2014 . "Improvements to IFRSs 2012-2014 " , that change four standards : IFRS 5, IFRS 7 , IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016 .
  The Group will apply these amendments to IFRS from 1 January 2016 .
  The Group considers this change will not have a significant impact on the consolidated financial statements.
  At the date of preparation of these consolidated financial statements , amendments to IFRS has not yet been approved by the European Union .
- Amendments to IAS 1
  December 18, 2014 on., In the framework of the so-called work-related. initiative on disclosure, the International Accounting Standards Board issued an amendment to IAS 1. The purpose of the published amendment is to clarify the concept of materiality and to clarify that if the entity considers that the information is not relevant, then it should not disclose them, even if such disclosure is generally required by another IFRS. The revised IAS 1 explained that the items presented in the statement of financial position and statement of results and other comprehensive income may be aggregated or disaggregated according to their relevance. Also introduced additional guidance relating to the presentation of subtotals in these reports. The amendments are effective for annual periods beginning on or after 1 January 2016.
  The Group will apply the above change from 1 January 2016.
  The Group considers this change will not have a significant impact on the consolidated financial statements.
  At the date of preparation of these consolidated financial statements, amendments to IFRS has not yet been approved by the European Union.
- Amendments to IFRS 10, IFRS 12 and IAS 28 concerning. Deconsolidation of investment units.
  December 18, 2014 on. The IASB published the so-called. amendment to a limited extent. Amendment to IFRS 10, IFRS 12 and IAS 28 published Fri. Investment Units: deconsolidation specifies requirements for investment entities and introduces some ease.
  The standard clarifies that an entity should measure at fair value through profit or loss all of its subsidiaries, which are units of investment. In addition, clarified that the exemption from preparing consolidated financial statements if the parent company prepares a higher degree of financial statements available to the public concerns made regardless of whether the subsidiaries are consolidated or at fair value through profit or loss in accordance with IFRS 10 in the report of the

ultimate parent or senior . The amendments are effective for annual periods beginning on or after 1 January 2016.
The Group will apply these changes from 1 January 2016.
The Group considers this change will not have a significant impact on the consolidated financial statements.
At the date of preparation of these consolidated financial statements, amendments to IFRS has not yet been approved by the European Union.

- Amendments to IAS 19 "Employee Benefits" was published by the International Accounting Standards Board in November 2013. Or after that date.
  Changes allow for recognition of contributions paid by employees as a reduction of labor costs in the period in which the work is performed by the employee, instead of assigning contributions to the work periods, if the amount of the employee contribution is independent of the length of service. The Group will apply the amendments to IAS 19 from 1 January 2016. The Group considers this change will not have a significant impact on the consolidated financial statements.
- • IFRS 15 "Revenue from Contracts with Customers" was published by the International Accounting Standards Board on 28 May 2014. And are effective for annual periods beginning on or after 1 January 2017. Or after that date. The principles set out in IFRS 15 will apply to all contracts resulting in revenue. The fundamental principle of the new standard is to recognize revenue at the time of the transfer of goods or services to the client, in the amount of the transaction price. Any goods or services sold in packages that can be distinguished in the package, should be recognized separately, moreover, any discounts and rebates on the transaction price should in principle be allocated to the various elements of the package. If the amount of revenue is variable, according to the new standard for the amount of variables are included in the income, if there is a high probability that in the future there will be no reversal of the recognition of income as a result of revaluation. Furthermore, in accordance with IFRS 15 costs incurred to acquire and secure a contract with the customer must be activated and deferred for a period of consumption of the benefits of this contract.
  The Group will apply IFRS 15 from 1 January 2017.
  The Group considers this change will not have a significant impact on the consolidated financial statements.
  At the date of preparation of these consolidated financial statements, IFRS 15 has not yet been approved by the European Union

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

c) Form of presentation of the consolidated financial statements

The consolidated financial statements are presented in Polish zloty (PLN), rounded up/down to full thousands.

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.

Note 34 describes the assessments made by the Management Board in connection with the use of IFRSs which have a significant impact on the financial statements and the estimates which are at risk of significant adjustments in the following period.

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

d) Basis of preparation of the consolidated financial statements

Subsidiaries

Subsidiaries are entities in respect of which the Group is able to govern their financial and operating policies, which usually accompanies holding the majority of the total number of votes in an entity’s decision-making body. In assessing whether the Group controls a given entity, the existence and impact of potential voting rights which may at a given time be exercised or exchanged is taken into account. Subsidiaries are consolidated under the acquisition method from the moment the Group takes full control over them. The entities cease to be consolidated when control ceases.

The acquisition of subsidiaries by the Group is accounted for under the purchase method. The acquisition cost is determined as the fair value of the assets transferred, the equity instruments issued and the liabilities incurred or transferred as at the exchange date, plus the cost directly related to the acquisition. Identifiable assets and liabilities, and contingent liabilities acquired under the business combination are initially measured at fair value as at the acquisition date, irrespective of the amount of the potential non controlling interests.

The excess of acquisition cost over fair value of the Group’s share in the identifiable net assets acquired is recognized as goodwill. If the acquisition cost is lower than the fair value of net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Transactions, settlements and unrealized gains on intercompany transactions are eliminated. Unrealized losses are also eliminated unless the transaction proves the impairment of the given asset transferred. Accounting policies used by subsidiaries were changed where necessary to ensure compliance with the Group accounting policies.

Non-controlling interests and transactions with non-controlling interests

The Group accounted for transactions with non-controlling interests as for transactions with owners. Sales to non-controlling interests lead to recognizing the Group’s gains or losses in the equity. Purchases from non-controlling interests don’t lead to goodwill arising: the difference between the acquisition price and the respective share in the acquired net assets at their carrying amounts is presented also in equity.

In the case of acquisition from 2011 the Group presents non-controlling interest value according to independent fair value valuation which influences goodwill.

Associates

Associates are entities on which the Group exerts significant influence but which it does not control, which usually accompanies holding 20% to 50% of the general number of votes in the decision-making body of the entity. Investments in associates are accounted for according to the equity method and are initially stated at cost. The Group’s investment in associates includes goodwill (net of any potential accumulated impairment write-downs), determined as at the acquisition date.

The Group’s share in the results of the associates from the date of purchase has been recorded in the income statement and its share in movements in other equity items from the date of purchase has been recorded in other comprehensive income. The carrying value of the investment is adjusted for the total movements from the date of purchase. When the Group’s share in the losses of an associate becomes equal or higher than the book value of Group’s share in the associate, which covers potential unsecured receivables, the Group discontinues

recognizing further losses unless it has assumed the obligation or has made payments on behalf of the given associate.

Unrealized gains on transactions between the Group and its associates are eliminated in proportion to the Group's share in the said entities. Unrealized losses are also eliminated unless the transaction proves that the given asset transferred has been impaired. Accounting policies used by subsidiaries were changed where necessary to ensure compliance with the Group accounting policies.

e) Going concern assumption

Information presented below should be read together with information provided in note 36 and 21, describing accordingly: significant post balance sheet events after December 31, 2014 and borrowings.

Consolidated financial statements for the period of 12 months ended December 31, 2014 were prepared in accordance with going concern assumption by the Group in foreseeable future, what assumes realization of assets and liabilities throughout the normal terms of Group business operations. Annual consolidated financial statements do not account for adjustments, which would be essential in such events. As at the date of consolidated financial statement issuance in assessment made by Group Parent Entity, there are no circumstances indicating threats for Group business going concern.

As it was described in note 21 "borrowings", financial liabilities resulting from loan agreement signed September 10, 2013 between AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o. and Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Rabobank Polska S.A. and ING Bank Śląski Polska S.A. Based on this agreement capital repayments fall due beginning in 2015. In December 2014 first tranche of bonds in the amount of PLN 150m falls due. The settlement of these bonds may be from company resources, the resources available in undrawn revolving credit facility or from a new bond issue. The Management Board has not yet taken a decision which of the forms will be applied and is analyzing costs of available scenarios. Management of Group Parent Entity had analyzed cash-flows for 12 months since balance sheet date of December 31, 2014 and available financing scenarios. In note 35 Management presents analysis of liabilities repayment.

f) Foreign exchange trading

Functional currency and presentation currency

Each of the Group entities maintains financial reporting in the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Group entities operating in Poland is the Polish zloty, the functional currency of the Group entities operating in Czech is the Czech koruna, the functional currency of the Group entities operating in Hungary is the Hungarian forint, the functional currency of the Group entity operating in Russia is the Russian ruble, the functional currency of the Group entity operating in Bulgaria is the Bulgarian lev, the functional currency of the Group entity operating in Serbia is the dinar, the functional currency of the Group entities operating in Spain, Germany and France is the euro, the functional currency of the Group entity operating in Croatia is the kuna, the functional currency of the Group entities operating in China and in Hong Kong is yuan, the functional currency of the Group entity operating in the India is rupee, and the functional currency of the Group entities operating in the USA is the American dollar.

The Group presented its consolidated financial statements in Polish zloty. Polish zloty is the currency of presentation of Group and it is the functional currency of Equity holders of the parent.

Transactions denominated in foreign currencies

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 concerning 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.

Financial statements of foreign operations

The financial result and the financial position of all subsidiaries and associates whose functional currency is other than the presentation currency are translated to the presentation currency using the following procedures:

- assets and liabilities, including goodwill, and adjustments to fair value made during the consolidation are translated at the closing rate as at the balance sheet date;
- revenues and costs of foreign operations are translated at the mid exchange rate in the given period which approximately reflects translation at the exchange rates prevailing as at the transaction date;
- all the resulting foreign exchange differences are recognized in a separate item of equity.

Upon the disposal of the operations, foreign exchange differences are recognized in the income statement.

Foreign exchange differences arising on the measurement of net investments are recognized in other comprehensive income.

In the case of longterm financing based on intercompany loans with indefinite repayment date and with the lack of intention of Board of repayment the Group is classifying foreign exchange differences caused by them as part of equity concerning foreign exchange differences.

The functional currency of none of the subsidiaries is the currency of a hyperinflationary economy as at December 31, 2014.

g) Franchise, licence agreements and other fees

As described in note 1a), the Group operates restaurants on the basis of franchise agreements concluded with YUM! and its subsidiaries. In accordance with the franchise agreements, the Group is obliged to pay a non-reimbursable preliminary fee upon opening each new restaurant and further fees over the period of the agreement in the amount of 6% of sales revenues, and to allocate 5% of all revenues to advertising activities specified in the respective agreements. Moreover, after the end of the initial period of the franchise agreement, the Group may renew the franchise agreement after paying a renewal fee.

Non-reimbursable preliminary fees are in reality fees for the right to use the Pizza Hut and KFC trademark and are included in intangible assets and amortized over the period of the franchise (usually 10 years). Further payments made in the period of the agreement are disclosed in the income statement upon being made. Fees for extending the validity of the agreements are amortized as of the date of a given extension agreement coming into force.

Non-reimbursable preliminary fees currently amount to USD 48.4 thousand per each restaurant whereas the fees related to the renewal of an agreement were set at 50% of the preliminary fee for each of the restaurants, indexed over the period of a given franchise agreement being in force with the consumer Price Index in the USA (“US Consumer Price Index”).

The key terms and conditions of the franchise agreements which will be concluded with Burger King (note 1a)) were specified as follows:

- The license is granted for a 10-year period from the date when the restaurant begins operating. It will be capitalized as intangible asset and amortized during the franchise agreement period. The franchisee is entitled to extend the agreement for a further 10 years after meeting specified terms and conditions. This conditions were described in initial development agreement with AmRest Sp. z o.o. For restaurants opened in Poland after March 1, 2009 the license was extended from 10 to 20 years without option of prolongation for next 10 years.
- The Franchisee will transfer to the Franchiser a monthly license fee (franchise fee) of 5% of the sales revenue of the Burger King restaurants operated by the Franchisee. The fee will be added to the income statement when it incurred in category continuing franchise fees.
- The Franchisee will pay to the Franchiser a monthly fee for sales advertising and promotion of 5% of the sales revenue of the Burger King restaurants operated by the Franchisee. The fee will be added to the income statement when it incurred in category direct marketing costs.

The main fees and the costs which will be incurred by the Group in connection with the agreements concluded with Starbucks Coffee International , Inc. (note 1a)) are as follows:

- The fee for development and the fee for providing services of USD 950 thousand, relating to the preliminary operating support (settled from other assets into general and admin expenses of Starbucks subsidiaries).
- The preliminary franchise fee of USD 25 thousand per each opened Starbucks café (capitalized as intangible asset and amortized during the franchise agreement period).
- A fixed licence fee equal to 6% of sales revenues of each of the Starbucks cafés (added to the income statement when it incurred in category continuing franchise fees).
- The local marketing fee the amount of which will be determined annually between the parties to the agreements (added to the income statement when it incurred in category direct marketing costs).

New operating activities of the Group required the determination of following accounting principles:

- Generally the franchise agreement covers a 10 year period and provides an option of extension for another 10 (for agreements signed after 2006) or 5 years (for agreements signed before 2006). Some franchise agreements were signed for the period from 9 to 20 years.
- Revenues of the Group consist of sales by Company operated restaurants and fees from franchisees and license are recognized when payment is rendered at the time of sale.
- Fees for using own brand paid by franchisees to the Group as a 6% from the sales (continued fees) are recognized as earned.
- Intangible assets, covering relationships with franchise clients, recognized during the acquisition process are amortized within the average period of the contractual relationship with franchise clients.
- Own brands systematically as at the purchase date are analysed from the point of depreciation and amortisation periods. Currently:
  - La Tagliatella brand is treated as not amortized asset due to indefinite useful life, as a consequence of successful franchise activity,
  - Blue Frog brand (note 2) is treated as amortized asset in 20-year period.

h) Property, plant and equipment

Property, plant and equipment owned by the Group

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.

The financial costs relating to the liabilities incurred to finance the purchase of property, plant and equipment are recognized in the income statement as interest expenses. This is due to the company's policy to most of the expenditure on property , plant and equipment adjusted arbitrarily after the date of delivery.

If the property, plant and equipment include material components with different useful lives, particular components are considered to be separate assets.

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".

Assets related to opening restaurants

Costs directly related to purchasing and manufacturing of assets („property, plant and equipment") connected with opening restaurants in given locations, including the costs of architecture design, legal assistance, wages

and salaries, and benefits of employees directly involved in launching a given location are included in assets (“property, plant and equipment”). The Group includes in the value of restaurants costs mentioned above incurred from the moment when the completion of the project is considered likely. In the event of a later drop in the probability of launching the project at a given location, all the previously capitalized costs are transferred to the income statement. Costs directly related to purchasing and manufacturing of restaurants assets („property, plant and equipment”) are depreciated over the expected useful life of the restaurant.

Those assets consider both costs incurred with use of leasehold improvements and in premises owned.

Group is not treating costs of external financing as element asset costs due the fact that mentioned assets are not qualified in accordance with IAS 23 revised.

Leased assets

The Group is a Lessee of property, plant and equipment. Leases of property, plant and equipment under which virtually all the risks and benefits in respect of the ownership are attributable to the Group are recognized as finance leases. The assets leased under finance leases are recognized in assets as at the date of commencement of the lease term at the lower of their fair values and present value of the minimum lease payments. Each lease payment is divided into the amount decreasing the balance of the liability and the amount of finance costs so as to maintain a fixed interest rate in respect of the remaining portion of the liability. The respective rental obligations net of finance costs are recognized in finance lease liabilities. The interest element of finance costs is charged to costs in the income statement over the period of the lease so as to obtain a fixed periodical interest rate in respect of the remaining portion of the liability. Property, plant and equipment acquired under financial leases are depreciated over the shorter of the economic useful life of the asset and the lease period.

Costs incurred after commissioning fixed assets

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Amortization and depreciation

Property, plant and equipment, including their material components, are depreciated on a straight-line basis over the expected useful life of the assets/components. Land and fixed assets under construction are not depreciated. The expected useful lives of assets are as follows:

- Buildings — 30 – 40 years
- Costs incurred on the development of restaurants (including leasehold improvements and costs of development of the restaurants) — 10 – 20 years*
- Plant and machinery — 3–14 years
- Vehicles — 4 –6 years
- Other property, plant and equipment — 3–10 years

* shorter of 10 years and the lease term.

The residual value, depreciation method and economic useful lives are reassessed annually.

i) Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under point (i) up to the date of change in use.

j) 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.

Favourable lease agreements

Favourable lease agreements were taken over in connection with the acquisition of subsidiaries and provide for lease fees lower than market fees. Favourable lease agreements are initially recognized at fair value and then at cost net of amortization and potential impairment (note 1p) of the accounting policies).

Trademark

Trademarks acquired in mergers or acquisitions are recognized in fair value as at the date of transaction. Trademarks have indefinite economic useful life and are not subject of amortization., but are subject to annual impairment tests individually or on cash generating unit level. Blue Frog brand has its useful life and is amortized.

Relationships with Franchisees

Relationships with Franchisees acquired under purchase and connections are recognized at fair value at the acquisition date . Relationships with Franchisees are each evaluated for life. At the present moment the Group has relationships with Franchisees arising as a result of the acquisition of the Spanish group.

Rights to the Pizza Hut, KFC, Burger King, Starbucks

See note 1g) of the accounting policies.

Other intangible assets

Other intangible assets are stated in the books of account at cost (purchase price or manufacturing cost) less accumulated amortization and potential impairment (See note 1p) of the accounting policies below).

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 (See note 1p) of the accounting policies below) 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
• Favourable lease agreements	2 - 10 years*
• Trademark	5-10 years
• Own mark Blue Frog	20 years
• Rights to the Pizza Hut , KFC, Burger King and	10 years
• Relations with franchisees	20 - 24 years**
• Other intangible assets	5 -10 years

* favorable agreements are amortized over the period to the end of the agreement

**average period of franchise agreement

k) Goodwill

Business combinations are accounted for under the purchase method. Goodwill on consolidation represents the excess of the acquisition price of shares over the fair value of the corresponding portion of the net assets.

Goodwill on consolidation is disclosed in the books of account as intangible assets and measured at cost net of accumulated impairment write-downs. Goodwill is not amortized. Instead, it is allocated to cash generating units and checked annually for potential impairment of the asset (note 1p) of the accounting policies). Goodwill arising upon the acquisition of associates is recognized in the total carrying amount of the investments in associates.

In the case of acquisition from 2011 the Group presents non-controlling interest value according to independent fair value valuation which influence goodwill.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Expenses incurred to increase the goodwill created internally and trademarks created internally are recognized in the income statement upon being incurred.

l) Financial assets

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

Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. Financial assets are classified to this category if acquired principally for selling in the short term or if so designated by the Management Board. Derivative financial instruments are also classified as “assets held for trading” unless they are designated as hedges. Assets in this category are classified as current assets if they are held for trading or if their realization is expected within 12 months from the balance sheet date. The Group 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 consolidated 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.

Group does not have any financial assets held to maturity as at the balance sheet date.

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 recognized at amortized cost net of impairment write-downs and recognized as current assets in the balance sheet, under “Trade and other receivables” (See note (m) of accounting policies below), if they mature within 12 months of the balance sheet date.

Regular investment purchase and sale transactions are recognized as at the transaction date – the date on which the Group 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).

m) Trade and other receivables

Trade and other receivables include non-derivative financial assets not traded on an active market with fixed or determinable amounts to be repaid. These assets are initially recognized at fair value and then at amortized cost net of impairment (note 1p) of the accounting policies).

n) Inventories

Inventories include mainly materials and are stated at the lower of cost and net realizable value. The net selling price that can be obtained is construed as the estimated selling price achieved in the course of normal business activities, less estimated costs necessary to effect the sale. Inventory issues are accounted for on the FIFO basis. The cost of purchase of inventories includes costs directly related to purchasing and preparing the given asset for sale.

o) 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.

p) Impairment

As at each balance sheet date the Group verifies the carrying amount of assets other than inventories (See note (m) of the accounting policies) and deferred income tax assets (note 1x) of the accounting policies), 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 Group 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 in the revaluation of assets.

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 whole market in each country.

Potential impairment of a restaurant is considered to be the fact of its incurring an operating loss during the financial year. In such an event, the discounted future economic benefits which the given facility will generate

are determined. Potential impairment is determined on the basis of discounted cash flows from core activities until the date of closing the facility, in consideration of the residual value.

Moreover, upon taking a decision to close a restaurant, the value of appropriate assets is reviewed for potential impairment, and the period in use of the assets is changed. At the same time, the Group recognizes potential liabilities related to the costs of giving notice of the lease of premises in the books of account.

In case of renovation, negotiation concerning change in location or other not typical events, the Group uses specific rules dependent on situation with specific treatment of particular restaurant.

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.

q) Loans and borrowings

Initially, borrowings are recognized in the books of account at the fair value net of transaction costs. Subsequently, borrowings are recognized in the books of account at amortized cost using the effective interest rate.

If borrowings are repaid before maturity, the resulting differences between (i) the determined costs and (ii) the present costs are recognized in the income statement.

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

r) Share capital

Ordinary shares are included in equity.

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

s) Employee benefits

Share-based payments

The Group has three share-based payment plans. 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 Group or the counterparty with the choice of whether the entity settles the transaction in cash or by issuing equity instruments, the entity / the Group shall account for that transaction, or the components of that transaction, as a cash-settled share-based payment transaction if, and to the extent that, the entity has incurred a liability to settle in cash, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

In 2014 the share-based payment plans (entire plan 2 and partially plan 3) were modified so that it may be settled in cash instead of shares. As a result the 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. This amount is recognised as a credit to liability and a debit to equity.

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

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

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

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

Long-term employee benefits dependent on their years in service

The net value of liabilities related to long-term employee benefits is the amount of future benefits which were vested in the employees in connection with the work performed by them in the current and past periods. The liability was accounted for based on the estimated future cash outflows, and as at the balance sheet date, the amounts take into consideration the rights vested in the employees relating to past years and to the current year.

Retirement benefit contributions

During the financial period, the Group pays mandatory pension plan contributions dependent on the amount of gross wages and salaries payable, in accordance with the binding legal regulations. The public pension plan is based on the pay-as-you-go principle, i.e. the Group has to pay contributions in an amount comprising a percentage part of the remuneration when they mature, and no additional contributions will be due if the Company ceases to employ the respective staff. The public plan is a defined contribution pension plan. The contributions to the public plan are disclosed in the income statement in the same period as the related remuneration, under “Payroll and employee benefits”.

Management incentive program for Group employees in Spain

During acquisition of the Spanish business, AmRest Group has issued management incentive program towards employees of Spanish group based on financial result for Spanish, Portugal and France markets. This plan provides minimal hurdle rate of Spanish business economic value increase, which surplus in comparison to reference value at acquisition date (April 28, 2011) in the moment of plan reconciliation, will be subject of benefit settlement. However the maximum value cannot exceed 10% of Spanish business value increase. As at the date of financial statement issuance the benefit plan pull was allocated in 44%. Management of the Group values this program according to best estimates, including forecasts Spanish business value and evaluation of plan settlement dates.

t) Provisions

Provisions are recorded in the balance sheet if the Group has a legal or constructive obligation arising from past events, and if it is probable that the discharge of this obligation will result in an outflow of economic benefits. If the effect of the time value of money is material, the amount of the provision is determined as the expected future cash flows discounted using the discount rate before tax which reflects the time value of money and the potential risks related to a given obligation.

Provisions for liabilities caused by restructuring are set up when the Group has a detailed, official restructuring plan and the restructuring has already started or information on it was published. No provisions are set up for future operating expenses.

Costs of bringing the location to the condition it had been in before the lease agreement was signed

If the Group is obliged to bringing the location to the condition it had been in before the lease agreement was signed, the Company's Management Board analyzes this future costs and sets up provisions if the costs are material.

Onerous contracts

Provisions for onerous contracts are set up if the expected revenues of the Group resulting from the contracts are lower than the unavoidable costs resulting from obligations under the contracts. Unavoidable costs are lower amount from: penalty in the event of breaking the agreement and costs of contract realization.

u) Trade and other payables

These payables are initially recognized in the books of account at fair value, and subsequently at amortized cost.

v) Revenues

Restaurant sales, franchise sales and other sales constitute Goup revenues. Sales revenues comprise the fair value of the economic benefits received for the sale of goods, net of value-added tax. Sales of finished goods are recognized by the Group upon issuing them to the purchaser. Consideration for the goods is mainly in cash form.

w) Finance and operating leases

Operational leasing, rent costs

Leases whereby the major part of the risks and benefits from ownership remains with the lessor comprise operating leases. All the lease payments paid under the operating lease agreements are charged to costs on a straight-line basis over the period of the lease. The discounts received from lessors are recognized in the income statement in the same manner, as an integral part of lease fees.

Operating leases relate mainly to leases of premises where the restaurants operate. The respective costs are recognized in the income statement under "Lease costs and other operating expenses".

Finance lease

Leasing is classified as financial leasing, when according to signed agreement in overall all potential benefits and risk from ownership are passed towards leasee.

Amount due from finance leasing are presented in receivables position finance lease receivables in net value of investment. Incomes from finance lease are allocated to appropriate periods according to stable annual rate of return from Group investment due from finance lease.

Group as a leaseholder – please refer to point 1h) of accounting policies.

x) Income tax expense

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

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

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

deferred income tax liability is settled. Deferred income tax is not recognized upon the initial recognition of goodwill.

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

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

y) Derivative financial instruments and hedge accounting

The Group sporadically uses derivative financial instruments to hedge against foreign exchange risk in operating and financing transactions.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group designates certain derivatives as either:

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing quarterly basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 19,22. Movements on the hedging reserve in other comprehensive income are shown in note 20.

Cash flow hedge

The effective part of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within ‘other financial income or costs – net’.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within ‘other financial income or costs – net’.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

Financial derivative included in non-financial host contract which meets criteria of embedded derivative is accounted as a separate derivative instrument and as such can be used as hedging instrument in cash flow or net investment hedge relationship.

z) Segment reporting

Business segments were set on the basis of internal managerial reports that are used by the Executive Committee while making strategic decisions. The Executive Committee analyze performance of the Group allocating owned resources according to given restaurants.

aa) Non-current assets held for sale

Non-current assets (or groups of assets) are classified as 'held for sale' and disclosed at the lower of: the carrying amount and the fair value net of the costs of preparing the asset for sale, if the carrying amount is realized mainly through the sale and not through on-going use.

bb) Business combinations of entities under joint control

Business combinations of entities or operations under joint control constitute business combinations under which all the combining businesses or operations ultimately come under the control of the same party or parties as they had been before the combination, and that control is not temporary. Such business combinations are accounted for under the pooling of interests method, i.e. they do not lead to adjustments to the fair values of particular assets or liabilities and in goodwill arising.

cc) Seasonal fluctuations in production and sales

The seasonal fluctuations in sales and inventory of the Group are not significant which is characteristic for the entire restaurant industry.

The lowest sales are recorded in the first quarter of the year, which is attributable primarily to fewer operating days in February and fewer people dining out. The next quarter in terms of sales is the second quarter, in which the restaurants achieve better results thanks to improving weather and a positive effect of the beginning of the holiday season in June. The highest sales are achieved at the end of the third and at the beginning of the fourth quarter. Very good performance in the third quarter is attributable to the increased tourist traffic. Autumn is traditionally a season when people tend to dine out more frequently, which translates into higher sales. An important time in the last three months of the year is the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping malls.

2. Segment reporting

Operating segments were set on the basis of management reports used by the Executive Committee during making strategic decisions. Executive committee verifies group performance while deciding of owned resources allocations in breakdown for each restaurant in entire AmRest.

AmRest as a Group of dynamic developing entities running operations at many markets and various restaurant business segments is under constant analysis of the Executive Committee. This Committee is also constantly reviewing the way how business is analysed and adjust it accordingly to changing Group Structure as a consequence of strategic decisions. Operating segments are set on the basis of management reports used by the Executive Committee during making strategic decisions. The Executive Committee verifies group performance while deciding of owned resources allocations in breakdown AmRest Group for divisions.

Divisional approach is currently valid solution for strategic analysis and capital allocation decision making process by the Executive Committee. This breakdown is mainly a consequence of material Group development by acquisition of Restauravia Group in Spain, start of La Tagliatella proprietary brand development in new markets and acquisition of Blue Horizon Group in China. As for the balance sheet date the Executivee Committee defines segments in presented below layout.

Segment	Description
CEE	Poland, Czech, Hungary, Bulgaria, Croatia and Serbia.
USA*	Discontinued operations of Applebee's restaurants.
Spain	KFC and La Tagliatella restaurant operations, together with suply chain and franchise activity in Spain territory.
New markets	La Tagliatella activitiy in China, France, Germany and USA; Stubbs in China; Blue Frog and KABB restaurants in China.
Russia	KFC and Pizza Hut activity in Russia.
Unallocated	Consolidation adjsutments, asset and liability balances non-allocated to segments (covering borrowings and lease liabilities) and transactions of AmRest Holdings SE and subsidiary located in the Ukraine and following companies AmRest Capital Zrt, AmRest Finance Zrt and AmRest Finance S.L. and financial costs and incomes, share profit of associates, income tax, net income from continued operation, total net income.

Below are presented data relating to operating segments for the 12 months period ended December 31, 2014 and for the comparative period ended Decmeber 31, 2013.

	CEE	USA*	Spain	New Markets	Russia	Unallo-cated	Total
12 months ended December 31, 2013							
Revenue from external customers	1 727 723	-	621 559	192 511	410 858	-	2 952 651
Inter- segment revenue	-	-	-	-	-	-	-
Operating profit/ (loss)	96 448	-	86 836	(71 323)	14 946	(17 012)	109 895
Finance income	-	-	-	-	-	5 929	5 929
Finance costs	-	-	-	-	-	(50 688)	(50 688)
Share of profit of associates	195	-	-	-	-	-	195
Income tax	-	-	-	-	-	(19 261)	(19 261)
Deferred tax assets	22 242	-	6 192	-	-	-	28 434
Profit/(loss) for the period	-	-	-	-	-	46 070	46 070
Segment assets	965 437	-	1 144 477	214 307	264 311	32 908	2 621 440
Investments in associates	403	-	-	-	-	-	403
Total assets	965 840	-	1 144 477	214 307	264 311	32 908	2 621 843
Goodwill	23 208	-	381 823	88 438	84 853	-	578 322
Segment liabilities	240 475	-	85 774	38 606	16 076	1 265 270	1 646 201
Pension, health care, sickness fund state contributions (note 23)	69 060	-	29 472	10 357	18 251	4 629	131 769
Depreciation	111 600	-	31 721	16 276	24 948	-	184 545
Amortization	8 081	-	11 011	1 272	1 061	95	21 520
Capital investment	138 475	-	59 374	28 877	91 340	217	318 283
Impairment of fixed assets (note 9,11)	12 785	-	323	17 740	2 177	-	33 025
Impairment of trade receivables (note 35)	1 993	-	195	1 015	85	-	3 288

Impairment of inventories (note 14)	20	-	792	318	-	-	1 130
Impairment of other assets	781	-	(7)	2 197	-	-	2 971
Impairment of goodwill	-	-	-	-	-	-	-

	CEE	USA*	Spain	New Markets	Russia	Unallo-cated	Total
12 months ended December 31, 2013							
Revenue from external customers	1 609 939	-	569 147	133 607	388 205	-	2 700 898
Inter- segment revenue	-	-	-	-	-	-	-
Operating profit/ (loss)	56 869	-	72 959	(128 644)	23 693	(7 460)	17 417
Finance income	-	-	-	-	-	66 739	66 739
Finance costs	-	-	-	-	-	(54 479)	(54 479)
Share of profit of associates	182	-	-	-	-	-	182
Income tax	-	-	-	-	-	(11 144)	(11 144)
Deferred tax assets	21 077	-	-	-	-	719	21 796
Profit/(loss) for the period from continuing operations	-	-	-	-	-	18 715	18 715
Profit/Loss for the period from discontinuing operations	-	(12 884)	-	-	-	-	(12 884)
Profit/ (loss) for the period	-	(12 884)	-	-	-	18 715	5 831
Segment assets	920 499	-	1 073 028	236 912	332 940	67 750	2 631 129
Investments in associates	320	-	-	-	-	-	320
Total assets	920 819	-	1 073 028	236 912	332 940	67 750	2 631 449
Goodwill	23 655	-	371 512	77 346	128 831	-	601 344
Segment liabilities	231 202	-	76 110	49 802	23 421	1 206 390	1 586 925
Pension, health care, sickness fund state contributions (note 23)	67 347	-	19 387	8 598	17 415	2 960	115 707
Depreciation	105 494	-	29 513	11 910	21 167	-	168 084
Amortization	8 413	-	10 886	1 359	1 086	-	21 744
Capital investment	146 360	-	36 788	72 929	70 171	462	326 710
Impairment of fixed assets (note 9,11)	4 016	-	1 326	54 870	235	-	60 447
Impairment of trade receivables	726	-	454	(7)	645	-	1 818
Impairment of inventories	234	-	32	321	961	-	1 548
Impairment of other assets	254	-	-	3 431	-	-	3 685
Impairment of goodwill	-	-	-	-	28	-	28

** significant assets concerning USA segment were classified as assets held for sale and its results for the period from January 1, 2012 to December 31, 2012 and comparable period were classified as discontinued according to IFRS 5.*

Capital expenditure comprises increases in property, plant and equipment (note 9), intangible assets (note 11).

The "CEE" column relates to companies located in Poland, Czech, Bulgaria, Serbia, Croatia and Hungary. Poland as significant geographical region has the following key values:

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Revenue from external customers	1 193 706	1 100 499
	31.12.2014	**31.12.20143**
Total of non-current assets other than financial instruments, deferred tax assets (employment benefit asset and rights under insurance contracts are not recorded)	514 012	499 240

Value of assets and liabilities and results of given reporting segments have been established on the basis of Group accounting policies, compliant with policies applied for preparation of this financial statements.

Goodwill was allocated to given reporting segments.

Establishment and acquisition of subsidiaries
The creation and acquisition of subsidiaries

Acquisition of Blue Horizon Hospitality PTE Ltd

DESCRIPTION OF ACQUISITION

On December 21, 2012 year AmRest Group acquired 51.2% share in Blue Horizon Hospitality Group PTE Ltd from Wintrust New Zeland, Blue Horizon Hospitality Ltd, Macau Jiu Jia Partners LP and Mrs. Coralie Danks and Mr. Robert Boyce. The transaction value was PLN 61.438 thousand (USD 20 million) and consisted of payment PLN 58.366 thousand (USD 19 million) for 50% shares and PLN 3.072 thousand (USD 1 million) direct share increase giving additional 1.2% of shares. Transaction was based on agreement signed December 14, 2012 year.

Blue Horizon Hospitality Group PTE Ltd through subsidiaries as at the acquisition date operated 11 equity owned restaurants in Chin: 10 Blue Frog restaurants and 1 KABB restaurant in three cities Beijing, Shanghai and Nanjing.

As a result of the above mentioned transaction, Group has become owner of Blue Frog and KABB restaurant brands, which have significant growth potential in China and other countries. Additionally, experienced management team has joined Group, that will support Group expansion on this market, also regarding development of other proprietary brand La Tagliatella.

ALLOCATION OF THE ACQUISITION PRICE

Details of the fair value of the acquired net assets, goodwill and acquisition price as at the acquisition date are presented below (in thousands PLN):

In thousands of Polish Zloty	**Carrying amount**	**Adjustment of fair value and other adjustments**	**Fair value**
Cash and cash equivalents	6 677	-	6 677
Property, plant and equipment	12 519	-	12 519
Other intangible assets	53	-	53
Blue Frog brand	-	18 706	18 706
Other non-current assets	9	-	9
Inventories	1 311	-	1 311
Trade and other receivables	9 242	-	9 242
Other current assets	393	-	393
Deferred tax assets	1 417	-	1 417
Loans and borrowings	(874)	-	(874)
Trade and other payables	(6 982)	-	(6 982)
Corporate income tax liabilities	(2 203)	-	(2 203)
Other Liabilities	(8 351)	-	(8 351)
Deferred tax liabilities	-	(4 677)	(4 677)
Net assets acquired	13 211	14 029	27 240
Amount paid in cash			58 366
Amount paid in cash for new shares			3 072

In thousands of Polish Zloty	**Carrying amount**	**Adjustment of fair value and other adjustments**	**Fair value**
Purchase price adjustment			(1 553)
Non controlling interests (48.8%)			44 685
Total payment for acquisition			104 570
The fair value of net assets			(27 240)
Goodwill			77 330
Amount paid in cash			61 438
Acquired cash and cash equivalents			(6 677)
Cash outflows on acquisition as at December 31, 2013			54 761
Cash inflows as a consequence of purchase price adjustment in period fo the 12 months ended 31.12.2013			(1 553)
Total cash outflow on acquisition			53 208

All purchase price and the fair value of net assets adjustments are the result of specific arrangements with the seller in agreement mentioned above.

Purchase price adjustment in the value of PLN 1.553 thousand was included as for financial statement requirements. On February 5 – 7, 2013 the Group received money transfer in the value of USD 501 thousand according to the agreement from February 19, 2013, these measures are the result from contractual settlement price adjustment due to changes in working capital between the date of the date of signing of the agreement and the date at the date of acquisition of controlling shares .

The fair value of the net assets in the annual consolidated financial statements for the 12 months ended 31 December 2012 . Presented in the amount of PLN 26.700thousand was adjusted with title of adjustments to the provisional settlement by the amount of PLN 540 thousand on what constitutes an increase in the book value of tangible fixed assets amounting toPLN 363 thousand (CNY 730 thousand), and an increase of deferred income tax law in the amount of PLN 177 thousand (CNY 356 thousand) .

Fair value adjustment are:

	Title	**Methods/key assumptions**
Blue Frog brand	Registered proprietary brand of Blue Frog together with know-how	Relief from royalty method / 3% royalty rate at discount rate 28.8%
Deferred tax liabilities	Deferred tax on assets fair value	25% income tax rate

The process of allocating the acquisition price to the purchased assets and acquired liabilities was completed.

The fair value and the other adjustments presented in the table above relate mainly to:

- fair value measurement of property, plant and equipment;
- fair value measurement of deferred tax liabilities;

Fair value of non- controlling interests in acquired Blue Horizon business was valued on the basis of two methods: comparable quoted companies (market approach) and discounted cash flow (income approach). Blue Horizon business has not been listed on stock exchange therefore there were not available market based data. Fair value was based on:

- taking into account the 25 % rate of discount for lack of control,
- 27.8% discount rate assumption and residual value calculated based on 2% long-term growth rate in income approach.

IMPORTANT TERMS OF ACQUISITION AGREEMENT

Blue Horizon Hospitality PTE Ltd Group share purchase agreement provides price adjustment mechanism for not fulfilling agreed opening plan for 2013 year, with grace period in 2014. From Group Management point of view, based on best available information at the balance sheet date, there is no evidence to recognize effect of this purchase price adjustment in the above purchase allocation. On 17 December 2013 . Signed an agreement confirming the final settlement of the purchase price .

INFLUENCE OF THE ACQUISITION ON THE CONSOLIDATED FINANCIAL STATEMENT

From the acquisition date to December 31, 2012, Group has not included results of Blue Horizon Hospitality PTE Ltd Group in consolidated income statement . It is consequence of ongoing integration process and immateriality of results for mentioned periods in comparison to total values of AmRest Group results. Income statement for the year ended December 31, 2014 was included PLN 1.006 thousand of costs connected with this acquisition.

3. Operating expenses

Operating expenses are as follows:

	For the 12 months ended December 31, 2014	**For the 12 months ended December 31, 2013**
Depreciation (note 9)	184 545	168 084
Amortization (note 11)	21 520	21 744
Food and materials	1 009 487	946 669
Utilities	112 799	109 333
External services, including marketing	229 979	237 956
Payroll	651 327	602 624
Social security and employee benefits	131 769	115 707
Operating leases (occupancy cost) (note 28)	280 122	250 989
Continuing franchise fees	136 881	127 978
Insurance	3 751	3 618
Business travel	16 201	17 594
Other	32 076	34 281
	2 810 457	**2 636 577**
The costs of food	886 838	819 199
Payroll and employee benefits	609 537	547 787
Cost of license fees (franchise)	136 881	127 978
Occupancy and other operating expenses	868 230	802 441
Total restaurant expenses*	**2 501 486**	**2 297 405**
Exclusion of loss from fixed assets disposal (note 9)	(11 339)	(7 644)
Depreciation and amortization expenses (Franchise and other expenses)	11 003	11 490
Total Franchise and other expenses	113 948	118 503
Depreciation and amortization expenses (G&A)	9 883	10 947
Other general and administrative expenses	185 476	205 876

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
	2 810 457	**2 636 577**

* excluding profit from sold assets in USA

In current and previous period impairment costs were as follows:	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Impairment on trade receivables (note 15, 35)	3 288	1 818
Impairment on inventory (note 14)	1 130	1 548
Impairment on goodwill (note 12)	-	28
Impairment on other assets (note 17)	2 971	3 685
Total impairment of non-current assets	**7 389**	**7 079**
Impairment of property, plant and equipment (note 9)	31 991	57 147
Impairment of intangible asset (note 11)	1 034	3 300
Total impairment of non-current assets	33 025	60 447
Total impairment of assets	**40 414**	**67 526**

In 2014 marketing costs were incurred in the value of PLN 116.398 thousand, in 2013 they were at the level of PLN 111.235 thousand.

4. Other operating income

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Sublease income (note 28)	930	761
Marketing income	6 976	7 809
Sales of logistics services	144	716
Reversal of cost accruals	2 305	3 249
PFRON income	2 218	200
Income from write off of liabilities	-	1 613
Income from recycling	1 355	1 698
Income from direct taxes correction	2 283	9 422
Other operating income	3 234	2 799
	19 454	**28 267**

5. Finance income

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Income from bank interest	3 403	3 257
Net income from settlement / (cost from valuation) of put option	-	63 482
Net income from foregin exchange differences	2 181	-
Other	345	-
	5 929	**66 739**

6. Finance costs

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Interest expense	(43 523)	(42 677)
Net foreign exchange losses	-	(3 855)
Cost from arrangement fee	(3 431)	(5 588)
Other	(3 734)	(2 359)
	(50 688)	**(54 479)**

7. Income tax expense

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Current tax	(39 422)	(21 726)
Change in deferred tax assets/liabilities	23 422	11 576
Change in deferred tax assets/liabilities directly reported in equity	(3 261)	(994)
Deferred tax recognized in the income statement	**(19 261)**	**(11 144)**

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Deferred tax asset		
Opening balance	21 796	16 634
Closing balance	28 434	21 796
Deferred tax liability		
Opening balance	120 375	126 789
Closing balance	103 591	120 375
Change in deferred tax assets/liabilities	**23 422**	**11 576**
Of which		
Deffered income tax recognized in income statement	20 161	10 582
Deffered income tax regarding titles directly reported in equity	3 261	994

	The income tax rates in force in the Group are as follows:		Deferred income tax assets and liabilities for were calculated using the following rates:	
	2013	**2013**	**2013**	**2013**
Poland	19.00%	19.00%	19.00%	19.00%
Czech	19.00%	19.00%	19.00%	19.00%
Hungary	10.00%	10.00%	10.00%	10.00%
Ukraine	18.00%	19.00%	18.00%	19.00%
Russia	20.00%	20.00%	20.00%	20.00%
Serbia	15.00%	15.00%	15.00%	15.00%
Bulgaria	10.00%	10.00%	10.00%	10.00%
USA	37.44%	37.44%	37.44%	37.44%
Spain	30.00%	30.00%	30.00%	30.00%
Germany	15.00%	15.00%	15.00%	15.00%
France	33.33%	33.33%	33.33%	33.33%
Croatia	20.00%	20.00%	20.00%	20.00%

Hong Kong	16.50%	16.50%	16.50%	16.50%
China	25.00%	25.00%	25.00%	25.00%
India	-	40.00%	-	40.00%

In Hungary the base tax rate is 19%. The Group uses 10% tax rate due to a tax base up to HUF 500 million.

Income tax on the Group's profit before tax differs from the theoretical amount which would be obtained if the weighted average tax rate applicable to consolidated companies were applied:

	For the 12 months ended December 31, 2014	**For the 12 months ended December 31, 2013**
Profit before tax from continued operations	65 331	42 743
Profit before tax from discontinued operations (note 8)	-	(12 884)
Profit/ (loss) before tax	65 331	29 859
Income tax calculated according to domestic tax rates applicable to income in particular countries	6 660	6 088
Effect of permanent differences non tax deductible	4 627	4 862
Utilization of tax losses not recognized in the prior periods	(135)	(2 350)
Tax loss for the current period for which no deferred tax asset was recognized	2 626	1 742
Effect of the remaining differences	5 483	802
Corporate income tax in the income statement	**19 261**	**11 144**

The applicable weighted average tax rate amounted to 10.20% (for the period ended December 31, 2013: 20.38%).

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. The current financial situation and strategic plans allow to consider the level of recognized assets and deferred tax assets to be reasonable. Before the offset, the following amounts are disclosed in the consolidated financial statements:

	31.12.2012	**31.12.2013**
Deferred tax asset:		
Deferred tax asset to be recovered after more than 12 months	10 120	61 495
Deferred tax asset to be recovered within 12 months	18 314	12 631
	28 434	**74 126**
Deferred tax liability:		
Deferred tax liability to be used after more than 12 months	92 761	158 682
Deferred tax liability to be used within 12 months	10 830	14 023
	103 591	**172 705**

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

	Asset		Liability	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Property, plant and equipment and intangible assets	8 377	10 006	114 862	158 682
Receivables	0	-	210	205
Provisions, liability and impairments	9 456	7 591	0	-

Tax loss carryforwards	12 608	7 739	1 225	-
Other differences	12 169	48 790	1 469	13 818
	42 610	**74 126**	**117 766**	**172 705**

Temporary differences after the offset are as follows:

	Asset		Liability	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Property, plant and equipment and intangible assets	3 805	2 208	110 291	129 221
Receivables	(210)	(205)	-	-
Provisions, liability and impairments	9 383	7 543	(73)	(48)
Tax losses	5 483	3 767	(5 901)	(291)
Other differences	9 973	8 483	(726)	(8 507)
	28 434	**21 796**	**103 591**	**120 375**

As at December 31, 2014, tax loss carry forwards are as follows:

Poland	36 718
Hungary	28 518
Spain	119 918
Croatia	2 343
Ukraine	717
China	2 455
Bulgaria	8 704
Serbia	1 865
Russia	26 725
	227 963

Year of expiry of tax loss carryforwards	Value of tax losses	Tax losses in respect of which deferred tax assets were recognized	Tax losses in respect of which no deferred tax assets were recognized
2015	8 711	1 936	6 775
2016	6 297	426	5 871
2017	4 698	1 136	3 562
2018	16 403	11 507	4 896
2019	13 519	10 371	3 148
2020	-	-	-
2021	6 677	66 77	-
2022	195	195	-
2023	19 853	19 853	-
No time limit	151 610	21 069	130 541
	227 963	73 170	154 793

As at December 31, 2014 the Group recognized a deferred tax asset from tax losses in the amount PLN 5.483 thousand. The reason for not recognizing the remaining portion of the deferred tax asset was, among other things, the inability to utilize the losses.

A tax authority may control tax returns (if they have not already been controlled) of Group companies from 3 to 5 years of the date of their filing.

On June 28th, 2012 began the inspection of corporate income tax for 2010 in AmRest Sp. z o.o. and was ended up by decision issued on 6 th October 2014. The allegiations made in the decision are the subject of the appeal before the Regional Administrative Court (WSA) in Wroclaw. Date of the hearing before the WSA till the date of the Financial Statement has not been determinated.

On September 29th , 2014 was began the fiscal control on tax returns for the period from January1 st 2010 to December 31 st 2012 in AmRest OOO. It was ended with a decision issued on December 19 th 2014. The allegations presented in a decision of the first instances are the subject of the appeal. To the date of Financial Statement the Company has not received a decision of the appeal.
Management believes both of these proceedings will settle in a manner materially irrelevant for the Group except for the value or provisions.

8. Discontinued operation

a) Applebee's®

On June 7, 2012 the agreement concerning the sale of Applebee's brand assets was signed. On October 10, 2012 as a result of the agreement 99 from 102 Applebee's restaurants managed by the Group were sold. As at December 31, 2013 final settlement of the transaction was made based on the best estimation of the last 3 restaurants settlement.

Results of brand Applebee's for the reporting years are presented below:

In thousands of Polish Zloty	**For the 12 months ended December 31, 2014**	**For the 12 months ended December 31, 2013**
Restaurant sales	-	5 699
Total sales	-	5 699
Company operated restaurant expenses:		
Food and material	-	(1 684)
Payroll and employee benefits	-	(2 986)
Royalties	-	(232)
Occupancy and other operating expenses	-	(2 927)
General and administrative (G&A) expenses	-	(2 675)
Other operating costs	-	(7 999)
Other operating income	-	-
Total operating costs and losses	-	(18 503)
Profit from operation	-	(12 804)
Financial costs	-	(80)
Financial income	-	-
Profit before tax	**-**	**(12 884)**
Income tax	-	-
Profit from discontinued operations	**-**	**(12 884)**

	For the 12 months ended December 31, 2014	**For the 12 months ended December 31, 2013**
Other comprehensive income:		
Currency translation differences from conversion of foreign entities	-	2 291
Other comprehensive income for the period, net of tax	**-**	**2 291**
Total comprehensive income for the period	**-**	**(10 593)**

Other operating expenses are additional costs as a consequence of the failure to send the last three Applebee 's buyer, as a result of factors beyond the control of the Group.
Applebee's brand as a whole functioned in the segment of the USA.

Brand approximately generated PLN 628 thousands of operating expenses in 12 months of 2013 and in 12 months of 2012 it was about PLN 18.5 thousand and PLN 628 thousand.

Profit from sold assets in USA is as follows:

	For the 12 months ended December
Profit from sold assets in USA	285 580
Costs concerned sale of assets in USA	(261 205)
Income from cash flow hedge	2 527
Foreign exchange differences	40 719
Profit from sale before tax	**67 621**
Income tax	(9 870)
Profit from sale afer tax	**57 751**

9. Property, plant and equipment

The table below presents changes in the value of property, plant and equipment in 2014 and 2013:

2014	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	**Total**
Gross value							
As at 1.01.2013	22 920	942 394	544 691	3 463	140 154	100 409	**1 754 031**
Additions	6 273	139 399	82 636	525	18 442	52 522	**299 797**
Transfers	(2 368)	69 875	25 021	-	(55 570)	(36 958)	**-**
Disposals	-	5 992	(24 346)	(96)	(4 344)	(39 623)	**(62 417)**
Foreign exchange differences	(5 411)	(34 435)	(21 538)	47	(813)	(7 836)	**(69 986)**
As at 31.12.2014	21 414	1 123 225	606 464	3 939	97 869	68 514	**1 921 425**
Accumulated depreciation							
As at 01.01.2014	-	352 326	247 093	1 317	56 053	-	**656 789**
Additions	-	99 788	67 289	685	16 783	**-**	**184 545**
Transfers		15 843	9 749	-	(25 592)		**-**
Disposals	-	(16 843)	(17 440)	(393)	(4 351)	-	**(39 027)**
Foreign exchange differences	-	(9 404)	(7 288)	12	221	-	**(16 459)**
As at 31.12.2014	-	441 710	299 403	1 621	43 114	-	**785 848**
Impairment write-downs							
As at 01.01.2014	-	67 590	21 079	-	686	2 178	**91 533**
Additions	-	29 357	4 596	-	1 296	713	**35 962**
Disposals	-	(12 835)	(165)	-	216	(184)	**(12 968)**
Foreign exchange differences	-	2 426	1 451	-	28	816	**4 721**
As at 31.12.2014	-	86 538	26 961	-	2 226	3 523	**119 248**
Net book valuet As at 01.01.2014	**22 920**	**522 478**	**276 519**	**2 146**	**83 415**	**98 231**	**1 005 709**
Net book value As at 31.12.2014	**21 414**	**594 977**	**280 100**	**2 318**	**52 529**	**64 991**	**1 016 329**

2013	Land	Buildings and expenditure on development of restaurants	Machinery & equipment	Vehicles	Other tangible assets	Assets under construction	**Total**
Gross value							
As at 1.01.2013	10 137	856 165	467 981	3 393	132 704	79 073	**1 549 453**
Acquisition (note 2)	-	363	-	-	-	-	**363**
As at 1.01.2013 after acquisition	10 137	856 528	467 981	3 393	132 704	79 073	**1 549 816**
Additions	13 495	143 019	112 837	979	13 113	25 146	**308 589**
Disposals	-	(35 939)	(21 049)	(942)	(2 083)	(1 026)	**(61 039)**
Foreign exchange differences	(712)	(21 214)	(15 078)	33	(3 580)	(2 784)	**(43 335)**
As at 31.12.2013	22 920	942 394	544 691	3 463	140 154	100 409	**1 754 031**
Accumulated depreciation							
As at 1.01.2013	-	293 635	206 641	1 455	49 451	**-**	**551 182**
Additions	-	83 882	62 666	705	21 030	**-**	**168 283**
Disposals	-	(17 433)	(14 826)	(862)	(10 510)	-	**(43 631)**
Foreign exchange differences	-	(7 758)	(7 388)	19	(3 918)	-	**(19 045)**
As at 31.12.2013	-	352 326	247 093	1 317	56 053	-	**656 789**
Impairment write-downs							
As at 1.01.2013	-	30 573	6 391	-	408	58	**37 430**
Additions	-	45 605	17 484	-	364	2 187	**65 640**
Disposals	-	(7 267)	(2 464)	-	(81)	-	**(9 812)**
Foreign exchange differences	-	(1 321)	(332)	-	(5)	(67)	**(1 725)**
As at 31.12.2013	-	67 590	21 079	-	686	2 178	**91 533**
Net book value as at 1.01.2013	**10 137**	**531 957**	**254 949**	**1 938**	**82 845**	**79 015**	**960 841**
Acquisition (note 2)	**-**	**363**	**-**	**-**	**-**	**-**	**363**
Net book value as at 31.12.2012 after acquisition	**10 137**	**532 320**	**254 949**	**1 938**	**82 845**	**79 015**	**961 204**
Net book value as at 31.12.2012	**22 920**	**522 478**	**276 519**	**2 146**	**83 415**	**98 231**	**1 005 709**

The property, plant and equipment listed below cover assets in finance lease, where the Group is the lessee:

	Land	Buildings	Machinery & equipment	Vehicles	Other tangible assets	**Total**
Gross value as at 31.12.2014	912	7 700	36	1 243	-	9 891
Accumulated depreciation As at 31.12.2014	-	(2 076)	(36)	(442)	-	(2 554)
Impairment As at 31.12.2014	-	(756)	-	-		(756)
Net value as at 31.12.2013	912	4 868	-	801	-	6 581
Gross value as at 31.12.2012	897	7 582	-	1 272	-	9 751
Accumulated depreciation As at 31.12.2013	-	(2 021)	-	(109)	-	(2 130)
Net value as at 31.12.2012	897	5 561	-	1 163	-	7 621

The table below presents the calculation of the loss on sale of property, plant and equipment and intangible assets in the period of 12 months ended December 31, 2014 and 2013:

	For the 12 months ended December 31, 2014	**For the 12 months ended December 31, 2013**
Proceeds from the sale of property, plant and equipment and intangible assets	324	418
Net cost of property, plant and equipment and intangible assets sold	(926)	(634)
Loss on sale of non-financial non-current assets and non-current assets held for sale	**(602)**	**(216)**
Net cost of property, plant and equipment and intangible assets disposal	(10 737)	(7 428)
Loss on disposal and sales of non-financial non-current assets and non-current assets held for sale	**(11 339)**	**(7 644)**

The depreciation was charged to the costs of restaurant operations – PLN 180.637 thousand (prior period: PLN 160.266 thousand), franchise expenses and other – PLN 3.432 thousand (prior period: PLN 2.119 thousand) and administrative expenses PLN 476 thousand (prior period: PLN 5.699 thousand). The depreciation increased discontinued operation costs in pror period by: PLN 12.790 thousand.

The increases of impairment provisions both for continued and discontinued operations are fully for provisions created in 2014 (prior period: also only created). The decreases of impairment provisions are for provisions reversed in 2014 – PLN 3.754 thousands (prior period: PLN 8.587 thousands).

The recoverable amount of an asset is determined at the level of a single restaurant as the smallest unit (or set of assets) generating cash flows that are largely independent of the cash inflows generated by other assets / group assets.

The recoverable amount of the cash generating unit was determined based on value in use calculation using the discount rate for each individual country.

	The pre-tax discount rate	Budgets average EBITDA margin	Expected long-term growth rate used to calculate the planned future results	The pre-tax discount rate	Budgets average EBITDA margin	Expected long-term growth rate used to calculate the planned future results
		Year 2014			Year 2013	
Poland	8.97%	Determined individually for each individual restaurant		11.39%	Determined individually for each individual restaurant	
Czech Republic	6.89%			8.31%		
Hungary	11.42%			13.63%		
Russia	19.88%			16.42%		
Serbia	15.57%			14.27%		
Bulgary	10.28%			10.22%		
USA	9.75%			10.23%		
Spain	11.61%			13.61%		
Germany	6.82%			8.03%		
France	8.50%			9.34%		
Croatia	12.55%			14.18%		
India	n/a			20.63%		
China	11.08%			12.55%		

10. Investment property

The table below presents changes in the value of investment property in 2014 and 2013:

	31.12.2014	31.12.2013
Gross value		
At the beginning of the period	22 152	22 152
Increases	-	-
At the end of the period	22 152	22 152
Impairment write-downs		
At the beginning of the period	-	-
At the end of the period	-	-
Net value at the beginning of the period	**22 152**	**22 152**
Net value at the end of the period	**22 152**	**22 152**

Results connected with investment properties are presented below:

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Sublease income (note 28)	2 039	2 635
Investment property costs	(942)	(1 188)
Operating profit	**1 097**	**1 447**

11. Other intangible assets

The table below presents changes in the value of intangible assets in 2014 and 2013:

2014	Proprietary brands	Favourable leases and licence agreements	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks, La Tagliatella trademarks	Other intangible assets	Relations with franchisees	**Total**
Gross value						
As at 1.01.2014	288 373	6 386	58 850	86 866	178 330	**618 805**
Increases	-	-	9 133	9 353	-	**18 486**
Decreases	-	-	(363)	(1 722)	-	**(2 085)**
Foreign exchange differences	10 068	(126)	(2 694)	1 257	4 948	**13 453**
As at 31.12.2014	298 441	6 260	64 926	95 754	183 278	**648 659**

2014	Proprietary brands	Favourable leases and licence agreements	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks, La Tagliatella trademarks	Other intangible assets	Relations with franchisees	**Total**
Accumulated amortization						
As at 1.01.2014	947	3 206	26 920	43 200	19 814	**94 087**
Increases	1 073	1 079	4 891	6 978	7 499	**21 520**
Decreases	-	-	(181)	(1 476)	-	**(1 657)**
Foreign exchange differences	233	(92)	(472)	481	687	**837**
As at 31.12.2014	2 253	4 193	31 158	49 183	28 000	**114 787**
Impairment write-downs						
As at 1.01.2014	101	-	1 207	3 678	-	**4 986**
Increases	-	-	315	773	-	**1 088**
Decreases	-	-	(114)	(628)	-	**(742)**
Foreign exchange differences	-	-	6	464	-	**470**
As at 31.12.2014	101	-	1 414	4 287	-	**5 802**
Net value as at 1.01.2014	**287 325**	**3 180**	**30 723**	**39 988**	**158 516**	**519 732**
Net value as at 31.12.2014	**296 087**	**2 067**	**32 354**	**42 284**	**155 278**	**528 070**

2013	Proprietary brands	Favourable leases and licence agreements	Licenses for use of Pizza Hut, KFC, Burger King, Starbucks, Applebee's, La Tagliatella trademarks	Other intangible assets	Relations with franchisees	**Total**
Gross value						
As at 1.01.2013	284 488	6 404	54 383	77 536	175 793	**598 604**
Increases	50	-	6 778	11 293	-	**18 121**
Decreases	(3)	-	(850)	(1 880)	-	**(2 733)**
Foreign exchange differences	3 838	(18)	(1 461)	(83)	2 537	**4 813**
As at 31.12.2013	288 373	6 386	58 850	86 866	178 330	**618 805**
Accumulated amortization						
As at 1.01.2013	32	2 620	24 052	35 631	12 202	**74 537**
Increases	981	1 155	4 556	7 997	7 520	**22 209**
Decreases	(35)	(528)	(1 013)	(424)	-	**(2 000)**
Foreign exchange differences	(31)	(41)	(675)	(4)	92	**(659)**
As at 31.12.2013	947	3 206	26 920	43 200	19 814	**94 087**

Impairment write-downs

As at 1.01.2013	101	-	1 128	756	-	**1 985**
Increases	-	-	398	3 000	-	**3 398**
Decreases	-	-	(306)	39	-	**(267)**
Foreign exchange differences	-	-	(13)	(117)	-	**(130)**
As at 31.12.2013	101	-	1 207	3 678	-	**4 986**
Net value as at 1.01.2013	**284 355**	**3 784**	**29 203**	**41 149**	**163 591**	**522 082**
Net value as at 31.12.2013	**287 325**	**3 180**	**30 723**	**39 988**	**158 516**	**519 732**

Other intangible assets cover mainly computer software.
Own brands value (La Tagliatella) with indefinite useful life as at December 31, 2014 was equal PLN 277.101 thousand and as at December 31, 2013 PLN 269.618 thousand.
The amortization was charged to the costs of restaurant operations – PLN 4.542 thousand (prior period: 7.125 PLN thousand), franchise expenses and other – PLN 7.537 thousand (prior period: PLN 9.370 thousand) and administrative expenses - PLN 9.407 thousand (prior period: PLN 5.249 thousand). The amortization increased discontinued operation costs in prior period: PLN 465 thousand.

Impairment testing of own brands

As at December 31, 2014, the Group conducted own brand value (La Tagliatella) impairment tests with respect to the acquisitions of businesses in Spain.

The cash generating units ia activity connected La Tagliatella brand. The recoverable amount of the cash generating unit was determined based on value in use calculation using the discount rate in Spain.

The recoverable value of the cash generating units is based on calculations of their value in use. The calculation uses expected future cash flows assessed on the basis of historical results and expectations as to the development of the market in the future included in the business plan.

Expected cash flows for identified cash generating units were prepared on the basis of assumptions made derived from historical experience adjusted for realized plans and undertaken actions together with adjustment for valid liabilities and assessments of changes in client behaviors.

Impairment testing was realized taking into consideration following assumptions:

	2014	2013
Discount rate before tax	11,61%	13.61%
Budgeted average EBITDA margin	19,70%	19.86%
Expected mid-term growth rate used for the calculation of planned future results	18,29%	12.02%
Residual growth rate	2.00%	2.00%

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

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

12. Goodwill

The table below presents changes in the value of goodwill:

	31.12.2014	31.12.2013
Gross value		
At the beginning of the period	603 137	613 427
Adjustments	-	(540)
At the beginning of the period after adjustment	603 137	612 887
Foreign exchange differences	(23 368)	(9 750)
At the end of the period	579 769	603 137
Impairment write-downs		
At the beginning of the period	1 793	1 900
Foreign exchange differences	(346)	(107)
At the end of the period	1 447	1 793
Net book value as at the beginning of the period	**601 344**	**610 987**
Net book value as at the end of the period after adjustment	**578 322**	**601 344**

Acquisitions in previous years

Below table presents changes of goodwill in division of particular acquisitions as at December 31, 2014 and December 31, 2013.

	Acquisition date	**As at 01.01.2014**	Foreign exchange differences	**As at 31.12.2014**
miklik's food s.r.o.	May 2005	5 420	86	5 506
AmRest Kft (previously: Kentucky System Kft)	June 2006	17 324	(534)	16 790
OOO AmRest (previously: OOO Pizza Nord)	July 2007	100 611	(34 407)	66 204
9 restaurants RostiksKFC	April 2008	24 989	(8 475)	16 514
5 restaurants RostiksKFC	June 2008	3 232	(1 096)	2 136
SCM Sp.z o.o.	October 2008	911	-	911
Restauravia Grupo Empresarial S.L.	April 2011	371 512	10 311	381 823
Blue Horizon Hospitality PTE Ltd.	December 2012	77 345	11 093	88 438
		601 344	**(23 022)**	**578 322**

	Acquisition date	**As at 01.01.2014**	The adjustment to the opening balance	**As at 01.01.2013** **As at 01.01.2013**	Foreign exchange differences	**As at 31.12.2013**
miklik's food s.r.o.	May 2005	5 839	-	5 839	(419)	5 420
AmRest Kft (previously: Kentucky System Kft)	June 2006	17 337	-	17 337	(13)	17 324
OOO AmRest (previously: OOO Pizza Nord)	July 2007	111 947	-	111 947	(11 336)	100 611
9 restaurants RostiksKFC	April 2008	27 805	-	27 805	(2 816)	24 989
5 restaurants RostiksKFC	June 2008	3 596	-	3 596	(364)	3 232
SCM Sp.z o.o.	October 2008	911	-	911	-	911

Restauravia Grupo Empresarial S.L.	April 2011	366 222	-	366 222	5 290	371 512
Blue Horizon Hospitality PTE Ltd.	December 2012	77 870	(540)	77 330	15	77 345
		611 527	**(540)**	**610 987**	**(9 643)**	**601 344**

Impairment testing

As at December 31, 2014, the Group conducted goodwill impairment tests with respect to the acquisitions of businesses in Hungary, Russia, Spain, China where goodwill is important.

The cash generating units are the countries. The recoverable amount of the cash generating unit was determined based on fair value calculation using the discount rate for each individual country.

The recoverable value of the cash generating units is based on calculations of their value in use. The calculation fair value expected future cash flows assessed on the basis of historical results and expectations as to the development of the market in the future included in the business plan.

Values of particular centers generating cash are combination of data described in current note together with information from note 2.

Goodwill has been allocated and is monitored for internal management purposes at the team level of cash generating units (restaurants in different countries) and is therefore a test for impairment of goodwill is made of the level of the individual countries.

Expected cash flows for identified cash generating units were prepared on the basis of assumptions made derived from historical experience adjusted for realized plans and undertaken actions together with adjustment for valid liabilities and assessments of changes in client behaviors.

Impairment testing was realized taking into consideration following assumptions:

	Hungary	Russia	Spain	China
	Year 2014			
Discount rate before tax	10.28%	15.90%	11.61%	8.31%
Budgeted average EBITDA margin	16.62%	12.79%	19.70%	15.00%
Expected mid-term growth rate used for the calculation of planned future results	16.41%	17.07%	18.29%	25.33%
Residual growth rate	2.00%	2.00%	2.00%	2.00%
	Year 2013			
Discount rate before tax	12.27%	13.13%	9.53%	9.41%
Budgeted average EBITDA margin	14.67%	15,16%	19,86%	12,78%
Expected mid-term growth rate used for the calculation of planned future results	21.44%	25,07%	12,02%	25,20%
Residual growth rate	2.00%	2.00%	2.00%	2.00%

Expected future cash flows are analyzed in the perspective of the period settled in the lease agreement concerned tested cash generating units. The length of the period (usually 10 years) results mainly from the long-term nature of the franchise agreements and the long-term nature of investments in the restaurant business. Budgeted EBITDA margin is calculated based on actual forecasts and financial performance expectations regarding given cash generating unit and takes into account all applicable factors influencing this ratio.

If discount rates in period of 12 months ended December 31, 2014 were bigger/smaller by 3 percentage points, it would not result in recognition of additional impairment provision, except for Russia. In the case when discount rates were increased by 3 percentage points of the possible impairment provision would be PLN 60 milion. Management believes this scenario is remote, because the current analysis is based on the historical record levels of discount rates, using the most current strategic plans of setting up development plans for the Russian market. Development plans involve a cost to both new openings and capital expenditures. Group analysis shows that the restriction of these plans provides additional factors keeping up defending against adverse market conditions underlying the calculation of the discount factor.

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

13. Other non-current assets

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

	31.12.2014	31.12.2013
Prepaid rental fees	3 174	3 396
Deposits in respect of rentals	38 600	34 145
Other	5 286	7 031
	47 060	**44 572**

14. Inventories

As at December 31, 2014 and December 31, 2013, inventories cover mainly food and packaging used in the restaurants and additionally finished goods and work in progress prepared by central kitchen for the sale of La Tagliatella restaurants purposes.
Due to the nature of its business and the applicable standards of the Group treats the whole inventory as materials .
Inventories are presented in net value including write-downs.

Value of impairment provisions for inventory as at December 31, 2014 and December 31, 2013 is presented in table below:	31.12.2014	31.12.2013
Value for the beginning of the period	1 157	1 454
Provision created	1 130	1 548
Provisions released	-	-
Provisions used	(2 009)	(1 845)
Value for the end of the period	**278**	**1 157**

15. Trade and other receivables

	31.12.2014	31.12.2013
Trade receivables from non-related entities	43 837	51 523
Trade receivables from related entities (note 33)	33	33
Other tax receivables	21 707	29 879
Other	8 232	8 152
Write-downs of receivables	(7 464)	(6 472)
	66 345	**83 115**

16. Leasing receivables

Group in year 2009 has signed finance lease agreement for restaurant appliances. Agreement is denominated in EUR. Finance lease cycle covered by agreement is 5 years.

Receivables for finance lease liability – value of current minimal lease payments:

	31.12.2014	31.12.2013
Up to 1 year	-	150
	-	**150**

Receivables from finance lease – value of minimal lease payments:

	31.12.2014	31.12.2013
Up to 1 year	-	171
Total minimal lease payments	-	171
Future un-received finance income from finance lease	-	(21)
Current value of minimal lease payments	**-**	**150**

17. Other current assets

	31.12.2014	31.12.2013
Prepaid costs in respect of deliveries of utilities	4 193	5 002
Prepaid lease costs	5 091	3 708
Prepaid property insurance	1 213	1 212
Prepaid professional services cost	323	302
Prepaid marketing costs	283	217
Prepaid costs of outside services	-	-
Escrow funds	-	6 024
Other	11 052	8 738
Write-downs of other current assets	(2 971)	(3 685)
	19 184	**21 518**

Other current assets are presented in net value taking into consideration impairment provisions. There were no impairment provisions as at December 31, 2014 and December 31, 2013.

As at December 31, 2014 and December 31, 2013. in other current assets were included escrow funds in amount PLN 6.024 thousand (USD 2.000 thousand) accordingly PLN 6.199 thousand (USD 2 000 thousand).

18. Cash and cash equivalents

Cash and cash equivalents as at December 31, 2014 and December 31, 2013 are presented in the table below:

	31.12.2014	31.12.2013
Cash at bank	235 093	242 789
Cash in hand	22 078	16 721
	257 171	**259 510**

As at December 31, 2014 in cash and cash equivalents letter of credit for insuarance (The Hartford Insurance Co i Travelers) in USA in amount PLN 891 thousand (USD 254 thousand) is presented. This Letter of Credit is to protect potential share of Group in claims for outstanding insurance claims.

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

2014	The balance sheet change	Liability under the SOP	Valuation / settlement of the put option	Foreign exchange differences	Transfer to other items in the cash flow statement	Working capital changes
Change in receivables	16 770	-	-	(1 939)	-	14 831
Change in inventories	(4 441)	-	-	(114)	-	(4 555)
Change in other assets	(154)	-	-	(548)	-	(702)
Change in payables and other liabilities	3 368	-	-	(2 992)	-	376
Change in other provisions and employee benefits	36 675	(34 959)	-	320	-	2 036

2013	The balance sheet change	Liability under the SOP	Valuation / settlement of the put option	Foreign exchange differences	Transfer to other items in the cash flow statement	Working capital changes
Change in receivables	7 869	-	-	(1 209)	-	6 660
Change in inventories	(5 162)	-	-	(367)	-	(5 529)
Change in other assets	593	-	-	(1 401)	-	(808)
Change in payables and other liabilities	(160 889)	-	189 569	5 283	-	33 963
Change in other provisions and employee benefits	(3 772)	-	-	215	-	(3 557)

19. Other financial assets

	31.12.2014	**31.12.2013**
Ordinary shares	-	272
Derivative financial instruments	-	-
Other financial assets	-	272
Other current financial assets	-	272
Other non-current financial assets	-	-
Other financial assets total	**-**	**272**
Other current financial assets total	-	272
Other non-current financial assets total	-	-

20. Equity

Share capital

As described in note 1a) On April 27, 2005, the shares of AmRest Holding SE were floated on the Warsaw Stock Exchange ("WSE").

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

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.

Other supplementary capital

Structure of other supplementary capital is as follows:

	Surplus over nominal value (share premium)	Non-refundable additional contributions to capital without additional issuance of shares made by the Group's shareholders before their debut on the WSE	Impact of put option valuation	Employee Options	Hedges valuation influence	Transactions with non controlling interests	Reserves total
As at 01.01.2013	**755 692**	**6 191**	**(165 303)**	**19 526**	**7 404**	**(12 746)**	**610 764**
COMPREHENSIVE INCOMES							
Impact of net investment hedges valuation	-	-	-	-	(4 962)	-	**(4 962)**
Impact of cash flow hedges valuation	-	-	-	-	(272)	-	**(272)**
The impact of monetary valuation of the put option	-	-	(11 233)	-	-	-	**(11 233)**
Deferred income tax concerning net investment hedges	-	-	-	-	994	-	**994**
Comprehensive income total	-	-	(11 233)	-	(4 240)	-	**(15 473)**
TRANSACTIONS WITH NON-CONTROLLING INTERESTS							
Non-controlling interests reconciliation due the put option settlement	-	-	-	-	-	137 447	**137 447**
Transactions with non-controlling interests total	-	-	-	-	-	137 447	**137 447**
TRANSACTIONS WITH SHAREHOLDERS							
Own shares purchase	-	-	-	(2 106)	-	-	**(2 106)**
Net result on tresury shares transaction	-	-	-	(227)	-	-	**(227)**
Employees share option scheme –value of service	-	-	-	7 624	-	-	**7 624**
Employees share option scheme – value realized options	-	-	-	-	-	-	**-**
Transactions with shareholders total	-	-	-	5 291	-	-	**5 291**
As at 31.12.2013	**755 692**	**6 191**	**(176 536)**	**24 817**	**3 164**	**124 701**	**738 029**
As at 01.01.2014	**755 692**	**6 191**	**(176 536)**	**24 817**	**3 164**	**124 701**	**738 029**
COMPREHENSIVE INCOMES							
Impact of net investment hedges valuation	-	-	-	-	(17 161)	-	**(17 161)**

	Surplus over nominal value (share premium)	Non-refundable additional contributions to capital without additional issuance of shares made by the Group's shareholders before their debut on the WSE	Impact of put option value-tion	Emplo-yee Options	Hedges valuation influence	Trans-actions with non control-ling interests	Reserves total
Deferred income tax concerning net investment and cashflow hedges	-	-	-	-	3 261	-	**3 261**
Comprehensive income total	-	-	-	-	(13 900)	-	**(13 900)**
<u>TRANSACTIONS WITH SHAREHOLDERS</u>							
Net result on tresury shares transaction	-	-	-	(876)	-	-	**(876)**
Own shares purchase	-	-	-	(3 788)	-	-	**(3 788)**
Employees share option scheme –value of service	-	-	-	8 098	-	-	**8 098**
Change of employees share option scheme	-	-	-	(34 939)	-	-	**(34 939)**
Transactions with shareholders total	-	-	-	(31 505)	-	-	**(31 505)**
As at 31.12.2013	**755 692**	**6 191**	**(176 536)**	**(6 688)**	**(10 736)**	**124 701**	**692 624**

As at June 7, 2013 agreement for purchase of non controlling shares in AmRest TAG Group S.L. was signed and was finalized at June 28, 2013. As a consequence of obtaining full control over Spanish Group noncontrolling interests in value of PLN 137.447 thousand were presented as part of other reserve capital. This accounting treatment is an effect of applied accounting policy for initial recognition on contolling interests of AmRest TAG S.L. acquisition together with put/call option on non-controlling interests. Initial recognition of put option liability valuations decreased other reserve capital while and at the same time purchase price allocation goodwill included fair value of non controlling interests.

As well within the bank loans as at December 31, 2014 loan for the amount of EUR 40 million was disclosed, which is hedging net investment in Hungarian subsidiary AmRest Capital Zrt, it hedges Group against the foreign currency risk resulting from revaluations of net assets. Gain or loss from revaluation at appropriate exchange rate as of end of financial period of this liability balance are reflected into reserve capital in order to net the effect gains and losses on net investment in subsidiaries revaluation. During the period for the 12 months ended December 31, 2014 hedge was fully effective.

In loans and borrowings as at December 31, 2014 loans for value of EUR 110 million are included that are net investment hedges in Spanish subsidiary AmRest TAG S.L., hedging Group from currency exchange risk resulting from revaluation of net assets. Gain or loss from revaluation at appropriate exchange rate as of end of financial period of this liability balance are reflected into reserve capital in order to net the effect gains and losses on net investment in subsidiaries revaluation. During the period for the 12 months ended December 31, 2014 hedge was fully effective.

As at December 31, 2014 hedged position of Spanish group net assets was part of consolidated interim condensed financial statements therefore cumulated value of currency revaluation was still recognized in reserve capital and accounted for EUR 17.161 thousand and deffered tax for PLN 3.261 thousand.Impact of hedges valuation:	Cash flow	Net investemnt	Valuation effects of security together
	USD	EUR	
As at 01.01.2013	**220**	**7 184**	**7 404**
Impact of cash flow hedges valuation	(272)	-	**(272)**
Deferred income tax	52	-	**52**
Impact of net investment hedges valuation	-	(4 962)	**(4 962)**
Deferred income tax	-	942	**942**
As at 31.12.2013	**-**	**3 164**	**3 164**
As at 01.01.2014	**-**	**3 164**	**3 164**
Impact of cash flow hedges valuation	-	(17 161)	**(17 161)**
Deferred income tax	-	3 261	**3 261**
As at 31.12.2014	**-**	**(10 736)**	**(10 736)**

Retained Earnings

Retained Earnings of a Group according to 16th resolution of Annual Shareholders Meeting dated June 10, 2011 includes also reserve fund in value of PLN 50 million for purchase of treasury shares only for share option redemption to every existing and future employee and managerial motivational stock option plans, including Management Board members of Group entities. In 2013 (as it was disclosed in statement of changes in equity) transaction on treasury shares for existing stock option plans (note 23) were realized amounting PLN 876 thousand (accordingly in 2013 PLN 2.106 thousand).

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 Group's foreign operations into Polish zloties.

	For the 12 months ended December 31, 2014	**For the 12 months ended December 31, 2013**
At the beginning of the period	(11 718)	18 116
Foreign exchange differences from net assets revaluation in subsidiaries	(74 498)	(29 834)
At the end of the period	**(86 216)**	**(11 718)**

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 Group's foreign operations into Polish zloties.

	31.12.2014	**31.12.2013**
Blue Horizon Hospitality Group PTE Ltd.	48 092	43 426
AmRest Coffee Sp. z o.o.	7 053	9 108
SCM Sp. z o.o.	6 052	7 855

AmRest Coffee s.r.o.	5 259	4 867
AmRest Kávézó Kft	2 438	2 394
AmRest d.o.o.	1 303	1 592
HK Ltd	(6 097)	(4 496)
Non-controlling interests	64 100	64 746

21. Borrowings

Borrowings as at December 31, 2014 and December 31, 2013 are presented in the table below:

Long-term	**31.12.2014**	**31.12.2013**
Bank loans	837 272	784 002
Bonds	278 775	139 226
	1 116 047	923 228

Short-term	**31.12.2014**	**31.12.2013**
Bank loans	337	2 059
Bonds	-	150 410
	337	152 469

Bank loans and bonds

Currency	Lender/ bookbuilder	Effective interest rate	31.12.2014	31.12.2013
in PLN	Syndicated bank loan	4,81%	138 077	137 368
in EUR	Syndicated bank loan	3,11%	636 068	584 515
in CZK	Syndicated bank loan	3,25%	61 194	60 188
in PLN	Bonds 5 – years (issued2009, 2013,2014)	5,52%	278 775	289 637
Other	Bank loan- China	14.54%	2 270	3 989
			1 116 384	1 075 697

Bank loans comprise mainly investment loans bearing a variable interest rate based on reference rates WIBOR, PRIBOR and EURIBOR. Exposure of the loans to interest rate risk and contractual dates for changing the interest rates occur in 3-month cycles.

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

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

The loan is provided at a variable interest rate. AmRest is required to maintain liquidity ratios (net debt/EBITDA, equity/total assets, EBITDA/interest) at agreed levels. In particular net debt/EBITDA ratio is to be held at below 3.5 level and AmRest is required not to distribute dividend payments if the mentioned ratio exceeds 3.0 (see note 12).

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.

As at 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 option program for corporate bonds of AmRest was released, allowing to issue bonds in total maximum value of PLN 300 million, where bonds in the value of PLN 150 million were issued already. Agreement was signed for agreed period till July 9, 2015 with period extension options till repayment of all issued bonds.

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

On June 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.

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

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

The maturity of long- and short-term loans as at December 31, 2014 and December 31, 2013 is presented in the table below:

	31.12.2014	**31.12.2013**
Up to 1 year	337	152 469
Between 1 and 2 years	82 891	-
Between 2 and 5 years	1 033 156	923 228
More than 5 years	-	-
	1 116 384	**1 075 697**

The Group has the following unused, awarded credit limits as at December 31, 2014 and December 31, 2013:

	31.12.2014	**31.12.2013**
With floating interest rate		
- expiring within one year	19 530	38 154
- expiring beyond one year	206 457	210 000
	225 987	248 154

22. Other financial liabilities

	31.12.2014	31.12.2013
Derivative financial instruments (*contract forward HUF/PLN*)	122	122
Derivative financial instruments (*contract forward USD/PLN*)	43	43
Derivative financial instruments total	165	165
Other current financial liabilities total	-	165
Other non-current financial liabilities total	-	-

For the purpose of management the risk related to certain transaction within the Group are used forward currency contracts. They are signed for periods not longer than risk exposition periods, prevailing for one to twelve months.

23. Liabilities in respect of wages and salaries and employee benefits

Long-term employee benefits dependent on their years in service

In accordance with the terms and conditions of the collective labour agreement, a specific group of employees is entitled to receive long-service bonuses depending on their years in service. The entitled employees receive a one-off amount of USD 300 after five years in service, and USD 1.000 after 10 years in service, translated in both cases into the currency of the given country. In year 2009 Group has added to this service benefit package jubilee gift for 15 years of work, which is equal to value of 100 AmRest Holdings SE shares. Due to unification of jubilee gift policy this system will be valid till the end of 2013. The change resulted in reversal of jubilee gift provision in amount PLN 285 thousands as at December 31, 2014 and PLN 371 thousands as at December 31, 2013.

Employee share option plan 1

The Plan was launched in 1999 as a cash-settled plan and covered the group of selected employees of the Group. Upon the Group's flotation on the GPW – on April 27, 2005 – the plan was modified to be share-based instead of cash-based. Additionally, all the obligations in respect of the plan were taken over by ARC). ARC assumed responsibility for the redemption of all the units (which could already be and which could not yet be exercised). The carrying amount of the liability as at that date of PLN 1.944 thousand was charged to capital. As at December 31, 2014 the Plan was fully settled.

Employee share option plan 2

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

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

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

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 equity settled reclass of employee options cash liability in value of PLN 19 174 thousands as at December 31, 2014 according to group policy (note 1 s).

Employee share option plan 3

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

In November 14, 2014 were signed agreements with Management Board Members being part of this share option plan. This agreement provides minimal USD 6 million value of payment in case of reaching agreed financial strategic goals for years 2014-2016. Right to this payout is granted in three equal instalments after reaching goal for every year. Reaching goals for cumulative three years warrants full payout despite missing some of previous stage year goals. In case that as at December 31, 2016 closing price of AmRest shares is above PLN 142,- minimal payment is cancelled. In addition, selecting implementation options during the calculation of guaranteed payments for lost her right. If during the minimal payment vesting period any options are executed the liability is cancelled. As a consequence of this modification as at December 31, 2014 PLN 15.765 thousands of liabilities were reclassified from equity (note 20) according to group policy (note 1 s).

	31.12.2014	**31.12.2013**
Liability for Employee share option plan 2	19 174	-
Liability for Employee share option plan 3	15 765	-
Other	4 667	3 930
	39 606	**3 930**

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

Award date	Number of share options awarded	Terms and conditions for exercising the options	Option exercise price in PLN	Options term to maturity period
Plan 1				
April 30, 1999	75.250	5 years, gradually, 20% per annum	6.4	10 years
April 30, 2000	53.750	5 years, gradually, 20% per annum	25.6	10 years
April 30, 2001	76.300	5 years, gradually, 20% per annum	25.6	10 years
April 30, 2002	74.600	5 years, gradually, 20% per annum	16.0	10 years
April 30, 2003	55.100	5 years, gradually, 20% per annum	16.0	10 years
April 30, 2004	77.800	5 years, gradually, 20% per annum	19.2	10 years
Total	412.800			
Plan 2				
30 April 2005	79.300	5 years, gradually, 20% per annum	24.0	10 years
30 April 2006	75.000	5 years, gradually, 20% per annum	48.4	10 years
30 April 2007	89.150	5 years, gradually, 20% per annum	96.5	10 years
30 April 2008	105.250	5 years, gradually, 20% per annum	86.0	10 years
12 June 2008	20.000	5 years, gradually, 20% per annum	72.5	10 years
22 August 2008	1.000	5 years, gradually, 20% per annum	65.4	10 years
30 April 2009	102.370	5 years, gradually, 20% per annum	47.6	10 years
10 May 2009	3.000	5 years, gradually, 20% per annum	73.0	10 years

Award date	Number of share options awarded	Terms and conditions for exercising the options	Option exercise price in PLN	Options term to maturity period
30 April 2010	119.375	5 years, gradually, 20% per annum	70.0	10 years
30 April 2010	7.975	5 years, gradually, 20% per annum	70.0	10 years
20 June 2011	105.090	5 years, gradually, 20% per annum	78.0	10 years
5 September 2011	1.000	5 years, gradually, 20% per annum	70.6	10 years
30 April 2012	81.500	5 years, gradually, 20% per annum	70.0	10 years
30 April 2013	91.700	5 years, gradually, 20% per annum	81.0	10 years
30 April 2014	79.830	5 years, gradually, 20% per annum	81.0	10 years
Total	961.540			
Plan 3				
13 December 2011	616.000	3 years, gradually, 33% per annum	61.00	10 years
8 October 2012	259.000	3 years, gradually, 33% per annum	64.89	10 years
16 January 2014	215.000	3 years, gradually, 33% per annum	67.43	10 years
8 July 2014	50.000	3 years, gradually, 33% per annum	61.00	10 years
1 October 2014	90.000	3 years, gradually, 33% per annum	82.10	10 years
30 November 2014	30.000	3 years, gradually, 33% per annum	61.00	10 years
Total	1.260.000			

In the table below we present the number and weighted average of the exercise price of the options from all plans for the 12 months period ended December 31, 2014 and 2012:

	Weighted average option exercise price	Number of options Plan 3	Number of options Plan 2	Number of options Plan 1	Weighted average option exercise price	Number of options Plan 3	Number of options Plan 2	Number of options Plan 1
	2014				2013			
At the beginning of the period	PLN 66.68	755 000	559 785	-	PLN 65.12	755 000	533 203	-
Utilized during the period	PLN 58.76	-	(24 974)	-	PLN 43.84	-	(38 418)	-
Redeemed during the period	PLN 65.96	(110 000)	(70 135)	-	PLN 73.58	-	(26 700)	-
Awarded during the period	PLN 67.89	385 000	79 830	-	PLN 81.00	-	91 700	-
At the end of the period	PLN 67.24	1 030 000	544 506	-	PLN 66.68	755 000	559 785	-
Available for exercising as at the end of the period	PLN 72.54	549 333	380 424	-	PLN 66.47	330 667	337 812	-

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

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

Issued in period	Plan	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 1/1/2014 to 31/12/2014	Plan 2	PLN 50,87	PLN 81.82	PLN 81.00	36%	10 years	-	3.50%
from 1/1/2013 to 31/12/2013	Plan 2	PLN 41.34	PLN 81.00	PLN 81.00	34%	10 years	-	3.50%
from 1/1/2012 to 31/12/2012	Plan 2	PLN 39.62	PLN 70.00	PLN 70.00	37%	10 years	-	5.36%
from 1/1/2011 to 31/12/2011	Plan 2	PLN 45.97	PLN 78.00	PLN 78.00	37%	10 years	-	5.61%
from 1/1/2010 to 31/12/2010	Plan 2	PLN 42.61	PLN 70.00	PLN 70.00	40%	10 years	-	5.51%
from 1/1/2009 to 31/12/2009	Plan 2	PLN 27.38	PLN 48.32	PLN 48.32	41%	7.6 years	-	5.80%
from 1/1/2008 to 31/12/2008	Plan 2	PLN 29.81	PLN 83.8	PLN 83.8	37%	8.9 years	18.80%	5.80%
from 1/1/2007 to 31/12/2007	Plan 2	PLN 36.09	PLN 96.5	PLN 96.5	33%	9.9 years	18.80%	5.50%
from 1/1/2006 to 31/12/2006	Plan 2	PLN 15.5	PLN 48.3	PLN 48.3	31%	9.9 years	18.80%	4.98%
from 1/1/2005 to 31/12/2005	Plan 2	PLN 8.9	PLN 25.7	PLN 24.0	40%	9.9 years	18.80%	4.50%
till the end of 2004	Plan 1	PLN 6.8	n/a	PLN 18.6	40%	7.0 years	19.40%	4.50%
	Plan 1	PLN 6.6	n/a	PLN 18.6	40%	7.5 years	19.40%	5.80%

* In connection with the fact that before 2006 the Company was not listed on the GPW, the expected fluctuations in the prices of its shares for measuring awards from before 2006 were based on the historical fluctuations of share prices of comparable companies quoted on the GPW (calculated on the basis of the weighted average time to maturity of the options), adjusted by all the expected changes in the future fluctuations of the share prices resulting from published information on the Company. Estimates for awards from 2006 were based on the actual fluctuations in the Company's quoted share prices. High actual fluctuation in share prices is the effect of a significant increase in the Company's share prices from their flotation.

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

Key managers of the Spanish market participate in motivation program which bases on exceeding goals of the business growth. For the 12 months ended December 31, 2014, Group recognized costs concerning the program in the amount of PLN 845 thousand (EUR 200 thousand) In comparison period Group recognized cost in the amount PLN 4.285 thousand (EUR 976 thousand). In 2013 there was a substantial change in the Plans regarding reduction in the scale of the development La Tagliatella brand on new markets affecting the validity of the reversal of previously accrued costs of the program based on the results of this development.

The costs recognized in connection with the plans relating to share-based payments for the period of 12 months ending on December 31, 2014 and December 31, 2013 respectively are presented below:

	31.12.2014	**31.12.2013**
Value of employee services	8 098	7 624
	8 098	**7 624**

Retirement benefit contributions

The costs recognized in connection with the retirement benefit contributions for the period of 12 months ending on December 31, 2014 and December 31, 2013 respectively are presented below:

	31.12.2014	**31.12.2013**
Retirement benefit contributions	131 769	115 707
	131 769	**115 707**

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

24. Provisions

Changes in the balance of provisions are presented in the table below:

2013	As at **01.01.2014**	Increases	Utilization	Foreign exchange differences	As at **31.12.2014**
Onerous contracts	3 836	1 687	(981)	434	4 976
Provision for court fees	1 417	1 665	(1 437)	-	1 645
Provision for tax risks	2 588	1 351	(458)	(957)	2 524
Provision for other	465	31	(323)	(13)	160
Total	**8 306**	**4 734**	**(3 199)**	**(536)**	**9 305**

2012	As at **01.01.2012**	Increases	Utilization	Foreign exchange differences	As at **31.12.2012**
Onerous contracts	3 850	3 064	(2 934)	(144)	3 836
Provision for court fees	685	801	(97)	28	1 417
Provision for tax risks	2 552	1 381	(1 135)	(210)	2 588
Provision for other	-	468	-	(3)	465
Total	**7 087**	**5 714**	**(4 166)**	**(329)**	**8 306**

The whole reserve is treated as long-term reserves.

Provision for onerous contracts

As at the balance sheet date, the Group showed a provision for onerous lease contracts. These contracts relate to most locations in which the Group does not engage in restaurant operations but only subleases the premises to other entities on unfavourable terms. It is expected that will be used during 2015 and 2016.

Provision for court fees

Periodically, the Group is involved in disputes and court proceedings resulting from the Group's on-going operations. As presented in the table above, as at the balance sheet, the Group showed a provision for the costs of court proceedings which reflects the most reliable estimate of the probable losses expected as a result of the said disputes and legal proceedings. According to the nature of this provision final settlement is expected within 2015 and 2016.

Provision for tax liabilities

Group operates in numerous markets with different and changing tax rules and additionally realizes its growth within new investments and often has to decide to create or modify value of tax liability provision. During recognition or modification of such provisions all available information, historical experience, comparison and best estimate is used. It is expected that will be used during 2015 and 2016.

25. Other non-current liabilities

Other non-current liabilities cover the long-term portion of deferred income of rents. Deferred income amount PLN 17.145 thousand and PLN 22.670 thousand respectively as at December 31, 2014 and December 31, 2013.

26. Trade and other payables

Trade and other payables as at December 31, 2014 and December 31, 2013 cover the following items:

	31.12.2014	**31.12.2013**
Payables to non-related entities, including:	255 072	259 588
Trade payables	154 696	164 028
Payables in respect of uninvoiced lease fees and deliveries of food	14 655	11 180
Employee payables	23 917	23 359
Social insurance payables	19 866	19 768
Other tax payables	13 549	14 215
Gift voucher liabilities	1 373	1 160
Other payables to non-related entities	27 016	25 878
Liabilities to related entities (note 33)	5	27
Accruals, including:	82 124	69 986
Employee bonuses	21 561	19 889
Marketing services	7 427	3 434
Holiday pay accrual	11 136	10 268
Professional services	3 772	3 511
Franchise fees	12 919	6 998
Lease cost provisions	11 237	11 445
Investment payables accrual	7 823	8 129
Other	6 249	6 312
Deferred income – short-term portion	7 295	6 344
Social fund	377	34
Total trade and other payables	**344 873**	**335 979**

27. Finance lease liabilities

Financial lease liabilities – current portion:

	31.12.2014	31.12.2013
Payable within 1 year	767	670
Payable from 1 to 5 years	2 499	2 836
Payable after 5 years	4 813	5 077
	8 079	**8 583**

Finance lease liabilities – minimum lease payments:

	31.12.2014	31.12.2013
Payable within 1 year	1 604	1 581
Payable from 1 to 5 years	4 808	6 117
Payable after 5 years	6 448	6 459
Total minimum lease payments	12 860	14 156
Future finance costs in respect of finance leases	(4 781)	(5 574)
Present value of finance lease liabilities	**8 079**	**8 583**

28. Operating leases

The Group concluded many irrevocable operating lease agreements, mainly relating to leases of restaurants. In respect of restaurants, lease agreements are concluded on average for a period of 10 years and require a minimum notice period on termination.

The expected minimum lease fees relating to operating leases without the possibility of earlier notice are presented below:

	31.12.2014	31.12.2013
Payable within 1 year	264 688	218 796
Payable from 1 to 5 years	947 603	850 363
Payable after 5 years	790 928	635 743
Total minimum lease payments	**2 003 219**	**1 704 902**

In respect of many restaurants (especially those in shopping malls) lease payments comprise two components: a fixed fee and a conditional fee depending on the restaurant's revenues. The conditional fee usually constitutes from 2.5% to 9% of a restaurant's revenue.

Lease costs relating to operating leases (broken down by the fixed and conditional portion) for the 12 months of 2014 and 2013 are as follows:

	For the 12 months ended December 31, 2014			For the 12 months ended December 31, 2013		
	Fixed fee	Conditional fee	Total	Fixed fee	Conditional fee	Total
Czech	32 300	3 083	35 383	31 669	3 431	35 100
Hungary	11 000	-	11 000	9 777	-	9 777
Poland	40 650	58 330	98 980	38 905	52 391	91 296
Russia	39 481	4 030	43 511	34 714	5 558	40 272
Bulgaria	963	-	963	1 449	-	1 449
Serbia	1 410	-	1 410	1 597	210	1 807
USA	3 773	1	3 774	1 566	199	1 765
Croatia	1 250	-	1 250	764	-	764
Spain	60 805	-	60 805	52 364	-	52 364
China	23 046	-	23 046	16 395	-	16 395
Total	214 678	65 444	280 122	189 200	61 789	250 989

The Group signs agreements for a definite period without the opportunity to terminate the contract. The prolongation of the agreement bases on market conditions.

The Group is also a party to sublease agreements on the basis of operating leases. Income from sublease fees on the basis of operating leases for the 12 month periods of 2014 and 2013 are as follows:

	31.12.2014	31.12.2013
Russia	576	539
Czech	129	136
Poland	225	86
Total	**930**	**761**

29. 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.

30. Earnings per share

The basic and diluted earnings per ordinary share for the 12-month period of 2013 and 2012 were calculated as follows:

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Net profit from continued operations attributable to equity holders of the parent company	51 667	22 829
Net profit/(loss) from discontinued operations attributable to equity holders of the parent company	-	(12 884)
Net profit attributable to equity holders of the parent company	51 667	9 945
Weighted average number of ordinary shares in issue	21 213 893	21 213 893
Impact of share options awarded in 2005	-	11 293
Impact of share options awarded in 2006	-	9 346
Impact of share options awarded in 2007	-	-
Impact of share options awarded in 2008	-	6 044
Impact of share options awarded in 2009	-	29 604
Impact of share options awarded in 2010	-	16 999
Impact of share options awarded in 2011	-	174 833
Impact of share options awarded in 2012	-	80 308
Impact of share options awarded in 2013	-	979
Impact of share options awarded in 2013	-	-
Weighted average number of ordinary shares for diluted earnings per share	21 213 893	21 543 299
Basic earnings per ordinary share	2.44	0.47
Diluted earnings per ordinary share	2.44	0.46

Basic earnings from continued operations per ordinary share	2.44	1.08
Diluted earnings from continued operations per ordinary share	2.44	1.06
Basic earnings/(loss) from discontinued operations per ordinary share	-	(0.61)
Diluted earnings/(loss) from discontinued operations per ordinary share	-	(0.60)

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

31. Future commitments and contingent liabilities

In accordance with the franchise agreements signed, the Group is obliged to periodically improve the standard, modify, renovate and replace all or parts of its restaurants or their installations, marking or any other equipment, systems or inventories used in restaurants to make them compliant with the current standards. The agreements require no more than one thorough renovation of all installations, markings, equipment, systems and inventories stored in the back of each restaurant to comply with the current standards, as well as no more than two thorough renovations of all installations, markings, equipment, systems and inventories stored in the dining rooms of each of the restaurants during the period of a given franchise agreement or the period of potential extension of the agreement. The expenses for the purpose forecast by the Group amount to ca. 1.5% of annual sales form the restaurants' operations in the future periods.

Other future commitments resulting from the agreements with the Burger King, Starbucks and the current and future franchise agreements were described in note 1a) and note 1g).

According to Group Management the above mentioned requirements are fulfilled and any discrepancies are communicated to third parties, mitigating any potential risks affecting business and financial performance of the Group.

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

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

With respect to the three agreements USAtrzech of these negotiations with the owners.

32. Investment in associates

Changes to the value of investments in associates in consecutive periods are presented in the table below:

	31.12.2014	31.12.2013
At the beginning of the period	320	434
Share in profits and losses of associates	195	182
Dividend payment	-	(91)
Purchase of shares in associated companies	(112)	-
Impairment of shares in associated companies	-	(205)
Balance as at the end of the year	**403**	**320**

On March 15, 2012 it BTW Sp. z o.o. was set up in which SCM Sp. z o.o. has 50% of shares. Its core business is restaurant activity. On November 27 th 2014 sShares of the company BTW sp. Z oo were sold in to outside company .

The Group’s share in associates and the basic financial data of the entities are as follows:

Name of associate	Country of registration	Assets	Liabilities	Revenues	Profit/ (Loss)	Shares held (%)
December 31, 2014						
SCM s.r.o.	Czech	975	177	1 263	426	45.90
December 31, 2013						
SCM s.r.o.	Czech	523	164	1 153	264	45.90
BTW sp.z o.o.	Poland	424	180	1 067	(144)	25.50

33. Transactions with related entities

Transactions with related parties are held in accordance with market regulations.
Trade and other receivables from related entities

	31.12.2014	31.12.2013
MPI Sp. z o. o.	5	3
Associates	28	3
	33	**6**

Trade and other payables to related entities

	31.12.2014	31.12.2013
MPI Sp. z o. o.	1	22
Associates	4	5
	5	**27**

Sales of goods for resale and services

	For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
MPI Sp. z o. o.	32	36
Associates	30	34
	62	**70**

Purchase of goods for resale and services

	For the 12 months ended December 31, 2014	**For the 12 months ended December 31, 2013**
MPI Sp. z o. o.	1 455	1 431
Associates	-	-
	1 455	**1 431**

Other related entities

Metropolitan Properties International Sp. z o. o.

As at December 31 st 2014 . Metropolitan Properties International Sp z o.o was a company owned by Henry McGovern . Henry J. McGovern entered on December 31, 2014 . Supervisory Board of AmRest Holdings SE.

Company Metropolitan Properties International Sp . z o.o is involved in activities related to real estate. The Group leases from Metropolitan Properties International Sp. z o.o three restaurants on conditions similar to those lease agreements concluded with third parties . Rental fees and other charges paid MPI amounted to PLN 1.455 thousand and PLN 1.431 thousand a period of twelve consecutive months ending December 31 st 2014 . and December 31 st 2013.

Group shareholders

As at December 31, 2014, WP Holdings VII B.V. was the largest shareholder of AmRest and held 31.71% of its shares and voting rights, and as such was its related entity. No material transactions with WP Holdings VII B.V. related parties were noted.

Transactions with the management/Management Board, Supervisory Board

The remuneration of the Management Board of AmRest Holdings SE paid by the Group was as follows:

	For the 12 months ended December 31, 2014	**For the 12 months ended December 31, 2013**
Remuneration of the members of the Management and Supervisory Boards paid directly by the Group	6 891	5 186
Total remuneration paid to the Management Board and Supervisory Board	**6 891**	**5 186**

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

The Group's key employees also participate in an employee share option plan (note 23). The costs relating to the employee option plan in respect of management amounted to PLN 5.332 thousand and PLN 3.029 thousand respectively in the 12 month period ended December 31, 2014 and December 31, 2013.

		For the 12 months ended December 31, 2014	For the 12 months ended December 31, 2013
Number of options awarded		760 750	650750
Number of available options		555 317	114 300
Fair value of options as at the moment of awarding	PLN	18 896 200	15 877 751

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

34. Critical accounting estimates and judgments

Key sources of uncertainties relating to estimates

Estimates and judgments are continually verified, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that are exposed to a significant risk of introducing a significant adjustment of the carrying amount of assets and liabilities during another financial year relate mainly to the impairment tests in respect of property, plant and equipment and goodwill, amortization and depreciation, provisions and calculation of deferred tax.

Estimated impairment of goodwill

The Group each year tests goodwill for impairment in accordance with its accounting policies described in note 1p). The recoverable value of a cash generating unit is determined on the basis of the calculation of its value in use (note 12). As at December 31, 2014 goodwill impairment wasn’t recognized.

Estimated impairment of property, plant and equipment

Once a year Group tests impairment of property, plant and equipment for impairment losses according to the accounting policy described in note 1p). This value is compared with assets value and in case of identification of gap in coverage there is impairment loss recognized. In the period of 12 months ended December 31, 2014 and December 31, 2013 were recognized impairment losses according to information presented in note 9 and 11.

Estimated depreciation charges

Estimation of depreciation rates is realized on the basis of technical abilities of a given asset, together with planned form and intensity of usage, with simultaneous consideration of experience and legal obligations influencing usage of the given asset.

Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the 12-month period ended December 31, 2014 by ca. PLN 18.733 thousand. Increasing the average useful lives of property, plant and equipment by 10% would lead to a decrease in depreciation for the 12-month period ended December 31, 2013 by ca. PLN 17.257 thousand.

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.
Fair value of investment property which aren’t in turnover on active market is calculated by using valuation techniques.
The Group 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. Balance sheet value of trade receivables including impairment and balance sheet value of trade payables are similar to their fair values due to short term capacity.

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

- 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).

	Note	Level 1	Level 2	Level 3	31.12.2014
Investment property	10	-	22 152	-	22 152

Financial assets available for sale belong to the "CEE" segment, their fair value was based on valid stock exchange quoting being on active market. Investment property belong to the "CEE" segment, their fair value was based on valuation technics. As at December 31, 2013 the Group didn't possess financial instruments valuated at fair value. As at December 31, 2013 the Group didn't recognizes the transfers between levels of fair value valuations.

For the purpose of the risk management related to certain transaction within the Group, forward currency contracts are used. Opened contracts as at December 31, 2014 are not designated as cash flow hedges, fair value hedges or net investment hedges in foreign operations. They are signed for periods not longer than risk exposition periods, prevailing for one to tvelve months.

Provisions

Key uncertainties and estimates are described in note 24.

Gift card liability estimates

Subsidiaries of the Group are performing operations also within sales and realization of gift cards. Group records a liability in the period in which gift cards are issued and proceeds are received. As gift cards are redeemed, this liability is reduced and revenue is recognized. The liability for gift cards not redeemed after two years is recognized as revenue. Following own and industry experience, historical and legal analysis this approach should be treated as best available estimate regarding gift cards. Value of gift card liability is presented in note 26.

Deferred income tax

Uncertainties and estimates related to deferred taxes come mainly from recognizing a deferred tax asset in respect of unused tax losses carried forward (note 7).

Critical accounting judgments

Critical accounting judgments relate to the classification of leases – notes 27 and 28 and recognition of deferred tax on tax loss carryforwards – note 7. In classification of agreements for operating lease and finance categories critical judgments are made allowing to classify given agreement to given type of leasing. Judgments consider mainly: period of use, purchase option, alternatives availability, term of agreement cancelation.

Recognition of put option liability

According to terms of the agreement AmRest owned "Call Option" to purchase total or part of AmRest TAG shares from non-controlling interest shareholders. AmRest had the right to realize Call option after 3 and to 6 years from the date of finalizing the agreement on May 1 and December 1 each year within this period. Non-controlling shareholders had the right to "Put Option" to sell total or part of shares. Put option could have been realized after 3 and to 6 years from the date of finalizing the agreement. Additionally, the Put Option could have been exercised at any time in the following cases: death of Mr. Steven Kent Wineger, formal initiation of the

listing process of AmRest TAG's shares on a security exchange, AmRest's stock market price per share falling below 65 PLN. The price of both options was equal 8.2 times of the EBITDA value for last 12 months, adjusted by net debt value on the day of option realization.

In the period from June 24th to 28th, 2013 settlement set by agreement of put option was confirmed,. According to this agreement non-controlling interests of AmRest TAG Group were acquired by AmRest. As a consequence of this transaction, Group has recognized income of PLN 65.388 thousand, which is equal to the difference between cash paid plus fair value of deferred payments and fair value of put option at the moment of the transaction. Additionally, Group recognized costs from put option valuation of PLN 1.906 thousand relating to change in the fair value of the liability in the second quarter of 2013. As of December 31, 2014 there is no liability related to put option reported in the annual consolidated financial statements of the Group. As at option settlement date (June 28th, 2013) the value of the put option was equal to PLN 202.521 thousand (EUR 46 780 thousand). According to hedge accounting policy the foreign exchange valuation effect of PLN 11.233 thousand was presented in statement of changes in equity and statement of comprehensive income. As at 31.12.2014 fair value of deferred payment liability equaled to PLN 0 thousand, this liability has been fully settled.

35. Financial instruments

The Group is exposed to several financial risks in connection with its activities, including: the risk of market fluctuations (covering the foreign exchange risk and risk of changes in interest rates), risk related to financial liquidity and – to a limited extent – credit risk. The risk management program implemented by the Group 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 based on procedures approved by the Management Board.

Credit risk

Financial instruments especially exposed to credit risk include cash and cash equivalents, receivables, derivatives and investments held to maturity. The Group invests cash and cash equivalents with highly reliable financial institutions. There is no significant concentration of credit risk in respect of trade and other receivables due to the fact that sales are based mainly on cash and credit card payments. The Group set up an additional impairment write-down of PLN 3.288 thousand for the Group's receivables exposed to credit risk. The maximum credit risk exposure amounts to PLN 323.516 thousand.

The ageing break-down of receivables and receivable write-downs as at December 31, 2014 is presented in the table below:

	current	overdue in days				Total
		less than 90	91 - 180	181 - 365	more than 365	
Trade and other receivables	52 993	5 919	609	2 819	11 469	73 809
Receivable write-downs	(119)	(631)	(126)	(78)	(6 510)	(7 464)
Total	52 874	5 288	483	2 741	4 959	66 345

Value of impairment provisions for receivables as at December 31, 2014 and December 31, 2013 is presented in table below:

	31.12.2014	**31.12.2013**
Value for the beginning of the period	6 472	5 467
Provision created	3 330	2 348
Provisions released	(42)	(530)
Provisions used	(1 358)	(1 106)
Other	(938)	293
Value for the end of the period	**7 464**	**6 472**

The Group did not recognize impairment on overdue trade and other receivables of PLN 13.471 thousand because it believes that they will be recovered in full.

Interest rate risk

Bank borrowings drawn by the Group are most often based on fluctuating interest rates (note 21). As at December 31, 2014 the Group does not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results. The Group analyzes the market position relating to interest on loans in terms of potential refinancing of debt or renegotiating the lending terms and conditions. The impact of changes in interest rates on results is analyzed in quarterly periods.

Had the interest rates on loans denominated in Polish zloties during the 12 months ended December 31, 2014 30 base points higher/lower, the profit before tax for the period would have been PLN 1 293 thousand lower/higher (2013: PLN 848 thousand).

Had the interest rates on loans denominated in Czech crowns during the 12 months ended December 31, 2014 been 30 base points higher/lower, the profit before tax for the period would have been PLN 182 thousand lower/higher (2013: PLN 165 thousand).

Had the interest rates on loans denominated in euro during the 12 months ended December 31, 2014 been 30 base points higher/lower, the profit before tax for the period would have been PLN 1 857 thousand lower/higher (2013: PLN 1 488 thousand).

Foreign exchange risk

The Group is exposed to foreign exchange risk related to transactions in currencies other than the functional currency in which the business operations are measured in particular Group companies. Foreign exchange risk results from future business transactions, recognized assets and liabilities. Moreover, lease payments related to a significant part of the Group's lease agreements are indexed to the exchange rate of the American dollar or the euro. Nevertheless, the Group is trying to sign lease agreements in local currencies whenever possible, but many landlords require that the lease payments be indexed to the euro or to the American dollar.

For hedging transactional risk and risk resulting from revaluation of recognized assets and liabilities Group uses derivative forward financial instruments.

The Group is also exposed to translation risk resulting from converting the income statement and balance sheet items of Russian subsidiaries into PLN. As of the balance sheet date the official exchange rate of Russian Rouble against Polish zloty was PLN 0,602 per RUB 1, compared to PLN 0,0914 per RUB 1 as at 31 December 2013. Significant change in exchange rates may have a negative or positive effect on the value and results of the businesses in Russia. The Group does not use specific tools to hedge against foreign exchange risks related to valuations of business operations in Russia

Net investment foreign currency valuation risk

Group is exposed to risk of net investment valuation in subsidiaries valued in foreign currencies. This risk is hedged for key positions with use of net investment hedge.

In 2014 Group applies hedging accounting for revaluation of borrowings, in EUR constitute net investment hedges in Hungarian and Spanish entities. Details concerning hedging on currency risk are described in note 20.

Sensitivity analysis

As at December 31, 2014 and December 31, 2013, the Group's assets and liabilities are denominated mainly in the functional currencies of the Group members.

As at December 31, 2014 if foreign exchange rates would increase by 10% effect of net investment hedge valuation wouldn't influence net income due to 100% efficiency of the hedge. Effect on the comprehensive income would be in the value of PLN 63.934 thousand (2013: PLN 58.890 thousand).

Liquidity risk

Prudent financial liquidity management assumes that sufficient cash and cash equivalents are maintained and that further financing is available from guaranteed funds from credit lines.

The table below shows an analysis of the Group's financial liabilities which will be settled in net amounts in particular ageing brackets, on the basis of the term to maturity as at the balance sheet date. The amounts shown in the table constitute contractual, undiscounted cash flows.

The maturity break-down of long- and short-term borrowings as at December 31, 2014 and December 31, 2013 is presented in the table below:

	31.12.2014			31.12.2013		
	Loan installments	Interest and other charges	Total	Loan installments	Interest and other charges	Total
Up to 1 year	2 709	40 064	42 773	156 622	156 622	197 184
Between 1 and 2 years	85 227	53 980	139 207	2 011	2 011	53 079
Between 2 and 5 years	1 035 224	85 970	1 121 194	924 449	924 449	1 038 887
More than 5 years	-	-	-	-	-	-
Payable gross value	1 123 160	180 014	1 303 174	1 083 082	1 083 082	1 289 150
Not amortized loan cost	(6 776)	-	(6 776)	(7 385)	(7 385)	(7 385)
Payable net value	1 116 384	180 014	1 296 398	1 075 697	1 075 697	1 281 765

Capital risk

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

The Group 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 Group's gearing as at December 31, 2014 and December 31, 2013 is as follows:

	31.12.2014	**31.12.2013**
Total borrowings (note 21)*	1 116 384	1 075 697
Finance lease liabilities (note 27)	8 079	8 583
Less: Cash and cash equivalents (note 18)*	(257 171)	(259 510)
Net debt	867 292	824 770
Income from operating activity before interests, tax, depreciation, gain/loss on fixed assets sale and impaiment after adjustment of profit from sold assets in USA (adjusted EBITDA)	367 713	282 415
Gearing ratio	**2.36**	**2.92**

The increase in the gearing ratio as at December 31, 2014 results mainly from higher capital expenditures, financed by external loans.

36. Events after the Balance Sheet Date

On March 4, 2015 was signed a Share Purchase Agreement between AmRest Sp. with o.o and Marinopoulos Coffee SEE BV . The Agreement provides for the acquisition by AmRest 100 % stake in SC Marinopoulos

Coffee Company III S.r.l. ("MCC Romania ") and Marinopoulos Coffee Company Bulgaria EOOD ("MCC Bulgaria ") for a total price of approx. 16 million. The final sale price will be determined at the date of completion of the transaction . MCC MCC Romania and Bulgaria are the only operators of Starbucks stores in Romania and Bulgaria. Currently manages 19 restaurants selling this brand - 14 in Romania and 5 in Bulgaria.

In the period January - February 2015, the company closed operation of its own last three restaurants in North America.

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

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

Jacek Trybuchowski
AmRest Holdings SE
Board Member

Wrocław, March 18, 2015