

AmRest Holdings N.V.

**Condensed Consolidated Financial Statements
as at and for the quarter ended December 31st 2006**

Table of contents:

	Page
Consolidated income statement	3
Consolidated balance sheet	4
Consolidated statement of cash flows	5
Consolidated statement of changes in equity	6
Selected notes to the consolidated financial statements	7

Consolidated income statement
For the quarter ended 31 December

	12 months ended Dec-31 2006	3 months ended Dec-31 2006	12 months ended Dec-31 2005	3 months ended Dec-31 2005
<i>in thousands of Polish złoty</i>				
Restaurant sales	629 326	181 998	499 810	141 310
Restaurant expenses:				
Cost of food	(210 926)	(60 169)	(167 283)	(47 773)
Direct marketing expenses	(30 590)	(7 933)	(25 462)	(7 247)
Direct depreciation and amortization expenses	(40 177)	(12 321)	(31 741)	(9 513)
Payroll and employee benefits	(119 331)	(33 819)	(91 969)	(25 062)
Continuing franchise fees	(37 300)	(10 751)	(29 700)	(8 369)
Occupancy and other operating expenses	(105 600)	(30 043)	(88 776)	(27 256)
Total restaurant expenses	(543 924)	(155 036)	(434 931)	(125 220)
Gross profit on sales	85 402	26 962	64 879	16 090
General and administrative (G&A) expenses	(41 290)	(13 927)	(35 948)	(7 437)
Depreciation and amortization expense (G&A)	(3 416)	(1 451)	(2 710)	(1 709)
Other operating income/(expense), net	5 505	3 107	6 826	2 748
Gain/(loss) on the disposal of fixed assets	1 411	(475)	(2 711)	(307)
Impairment gain/(losses)	(3 117)	(714)	(5 101)	(3 658)
IPO expenses			(1 937)	-
Profit from operations	44 495	13 502	23 298	5 727
Finance income	8 671	2 248	1 351	(965)
Finance costs	(4 847)	(910)	(9 769)	(1 608)
Share of profit of associates	637	107	459	177
Net profit before tax	48 956	14 947	15 339	3 331
Income tax expense	(10 314)	(4 750)	6 772	3 637
Net profit	38 642	10 197	22 111	6 968
Attributable to:				
Minority interests	59	54	(16)	(66)
Shareholders of the parent	38 583	10 143	22 127	7 034
Net profit for the period	38 642	10 197	22 111	6 968
Basic earnings per share in Polish złoty	2,86	0,76	1,78	0,52
Diluted earnings per share in Polish złoty	2,85	0,75	1,78	0,52

Consolidated balance sheet
As of 31 December 2006 and 31 December 2005

in thousands of Polish zloty

	2006	2005
Assets		
Property, plant and equipment, net	191 705	174 141
Intangible assets	12 829	16 280
Goodwill	23 516	4 765
Investments in associates	1 221	574
Other non-current assets	17 726	17 342
Deferred tax assets	9 336	11 540
Total non-current assets	256 333	224 642
Inventories	8 134	5 973
Trade and other receivables	11 460	15 072
Income tax receivable	-	3 673
Other current assets	5 976	4 788
Held-to-maturity investments	9 984	-
Cash and cash equivalents	25 241	31 575
Assets held for sale	3 861	3 219
Total current assets	64 656	64 300
Total assets	320 989	288 942
Equity		
Issued capital	519	519
Share premium	219 137	218 640
Retained deficit	(95 514)	(117 641)
Current year net profit	38 583	22 127
Cumulative translation adjustment	(4 940)	(574)
Equity attributable to shareholders of the parent	157 785	123 071
Minority interests	79	20
Total equity	157 864	123 091
Liabilities		
Interest-bearing loans and borrowings	72 140	80 440
Finance lease liabilities	3 326	3 237
Employee benefits	913	791
Provisions	5 565	4 690
Deferred tax liabilities	760	1 263
Other non-current liabilities	1 721	2 168
Total non-current liabilities	84 425	92 589
Interest-bearing loans and borrowings	918	18 321
Finance lease liabilities	68	45
Trade and other accounts payable	75 448	54 896
Income tax payable	2 266	-
Total current liabilities	78 700	73 262
Total liabilities	163 125	165 851
Total equity, minority interests and liabilities	320 989	288 942

Consolidated statement of cash flows
For the 12 months ended 31 December

in thousands of Polish zloty

	2006	2005
Cash flows from operating activities		
Profit before tax	48 956	15 339
Adjustments for:		
Share of profit of associates	(637)	(459)
Amortization	6 108	3 817
Depreciation	37 485	30 634
Interest expense, net	3 577	5 729
Unrealized foreign exchange (gain)/loss	(4 726)	(1 820)
(Gain)/loss on disposal of fixed assets	(1 411)	2 711
Impairment losses	2 242	5 101
Equity-settled share based payments expenses	497	2 147
Forgiveness of loans	(3 396)	-
Working capital changes:		
(Increase)/decrease in receivables	7 643	(3 031)
(Increase)/decrease in inventories	(772)	(373)
(Increase)/decrease in other assets	(1 524)	(8 484)
Increase/(decrease) in payables and other liabilities	14 652	(192)
Increase/(decrease) in other provisions and employee benefits	997	(745)
Income taxes paid	(5 580)	(4 513)
Interest paid	(3 577)	(5 876)
Other	5 860	94
Net cash provided by operating activities	106 394	40 079
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(20 730)	(17 752)
Proceeds from the sale of property, plant and equipment	245	489
Acquisition of property, plant and equipment	(54 843)	(34 595)
Acquisition of intangible assets	(1 123)	(4 780)
Acquisition of investment in related parties	(10)	(35)
Loans repaid/(granted)	-	42
Net cash used in investing activities	(76 461)	(56 631)
Cash flows from financing activities		
Proceeds from borrowings	4 179	177 815
Acquisition of held-to-maturity investments	(9 954)	-
Proceeds from issuance of shares	-	77 866
Repayment of borrowings	(30 111)	(219 007)
Repayment of finance lease	(115)	(86)
Net cash provided by/(used in) financing activities	(36 001)	36 588
Net change in cash and cash equivalents	(6 068)	20 036
Cash and cash equivalents, beginning of period	31 575	11 486
Effect of foreign exchange rate movements	(266)	53
Cash and cash equivalents, end of period	25 241	31 575

**Consolidated statement of changes in equity
for the 12 months ended 31 December 2006**

in thousands of Polish zloty

As at 01.01.2005

(previously reported)

Correction of accounting
treatment for lease arrangement

As at 01.01.2005 (restated)

Employees share option scheme -
Share-based payments liabilities
assumed by shareholder
Employees share option scheme –
value of employee services
Currency translation differences
Profit for the period
Issue of shares

	Attributable to equity holders of the Company							Minority Interest	Total	
	Share Capital (Note 19)	Share premium	Share options (Note 21)	Other reserves (Note 19)	Total Reserves	Accumula- ted deficit	Currency translations			Total
As at 01.01.2005 (previously reported)	373	132 582	-	6 191	138 773	(117 201)	141	22 086	36	22 122
Correction of accounting treatment for lease arrangement	-	-	-	-	-	(440)	-	(440)	-	(440)
As at 01.01.2005 (restated)	373	132 582	-	6 191	138 773	(117 641)	141	21 646	36	21 682
Employees share option scheme - Share-based payments liabilities assumed by shareholder	-	-	1 944	-	1 944	-	-	1 944	-	1 944
Employees share option scheme – value of employee services	-	-	203	-	203	-	-	203	-	203
Currency translation differences	-	-	-	-	-	-	(715)	(715)	-	(715)
Profit for the period	-	-	-	-	-	22 127	-	22 127	(16)	22 111
Issue of shares	146	77 720	-	-	77 720	-	-	77 866	-	77 866
<u>As at 31.12.2005</u>	519	210 302	2 147	6 191	218 640	(95 514)	(574)	123 071	20	123 091
<u>As at 01.01.2006</u>	519	210 302	2 147	6 191	218 640	(95 514)	(574)	123 071	20	123 091
Employees share option scheme – value of employee services (Note 21)	-	-	497	-	497	-	-	497	-	497
Currency translation differences	-	-	-	-	-	-	(4 366)	(4 366)	-	(4 366)
Profit for the period	-	-	-	-	-	38 583	-	38 583	59	38 642
<u>As at 31.12.2006</u>	519	210 302	2 644	6 191	219 137	(56 931)	(4 940)	157 785	79	157 864

See accompanying notes to the consolidated financial statements.

Selected Notes to the Financial Statements

(a) Information on the Activities of the AmRest Group

Amrest Holdings N.V. (the "Company") was established as a joint stock company in October 2000 in the Netherlands. The Company's head office is located in Rokin 55, 1012KK Amsterdam, Postbus 990, 1000 AZ Amsterdam, the Netherlands. The Company's corporate offices are located in Wroclaw, Poland.

The principal activity of the Group, conducted by its subsidiaries in Poland, the Czech Republic and Hungary, is to operate Kentucky Fried Chicken („KFC") and Pizza Hut franchised restaurants, and „Rodeo Drive" restaurants in Poland and the Czech Republic and solely in Poland „Ice*Land" ice cream outlets and „Freshpoint" restaurants.

On 27 April 2005, the shares of AmRest Holdings N.V. commenced trading on the Warsaw Stock Exchange ("WSE") in Poland.

Prior to 27 April 2005, the Company was jointly owned and controlled by International Restaurant Investments, LLC ("IRI") of the United States and Kentucky Fried Chicken Poland Holdings BV ("KFC BV") of the Netherlands. Before the initial public offering each shareholder possessed a 50% ownership.

IRI is a wholly-owned subsidiary of American Retail Concepts, Inc. of the United States ("ARC"), whereas KFC BV is a wholly-owned subsidiary of Yum! Brands, Inc. ("YUM!") of the United States.

In conjunction with the listing of the Company's shares on the WSE, YUM! sold all of its shares in the Company and is no longer a shareholder. Moreover, IRI also sold part of its shares as a result of the Company's IPO on the stock exchange.

As at 31 December 2006 the Company's largest shareholder with a 37,50% voting rights and ownership interest remains IRI.

Pizza Hut and KFC restaurants operate under franchise agreements with YUM! and YUM! Restaurants International Switzerland, Sarl („YRIS"), a subsidiary of YUM!. Each franchise agreement has a term of ten years, with an option of renewal by the Company for further ten years, subject to certain conditions being met as described in the agreements.

YUM! committed to notify the Company if it enters into another franchise, at least six months before the first KFC or Pizza Hut restaurant is opened in Poland, the Czech Republic or Hungary. During this period, the Company has the right to state its opinion on the issue. YUM! has indicated that at present it has no plans to conclude agreements with other prospective franchisees in Poland, Czech Republic and Hungary or to open new restaurants by itself.

The Consolidated Financial Statements as at and for the twelve months ended 31 December 2006 comprise the data on the Company, its subsidiaries and on the Group's equity interest in associates.

AmRest Holdings N.V.

As at December 31st 2006, the Group included the following subsidiaries:

Company	City and country of incorporation	Core business	Parent undertaking	Ownership interest and total vote	Date of effective control
American Restaurants Sp. z o.o.	Wrocław, Poland	Operation of Pizza Hut and KFC restaurants in Poland	AmRest Holdings N.V.	100.00 %	December 2000
American Restaurants s.r.o.	Prague, Czech Republic	Operation of Pizza Hut and KFC restaurants in the Czech Republic	AmRest Holdings N.V.	100.00 %	December 2000
International Fast Food Polska Sp. z o.o.	Wrocław, Poland	No operations conducted currently	American Restaurants Sp. z o.o.	100.00 %	January 2001
Pizza Hut s.r.o.	Prague, Czech Republic	No operations conducted currently	American Restaurants s.r.o. American Restaurants Sp. z o.o.	99.973% 0.027%	December 2000
American Restaurants, Kft *	Budapest, Hungary	Operation of Pizza Hut and KFC restaurants in Hungary	American Restaurants Sp. z o.o.	100.00%	June 30 2006
Fried Chicken s.r.o.	Prague, Czech Republic	No operations conducted currently	Pizza Hut s.r.o.	100.00%	May 2005
Grifex I Sp. z o.o.	Wrocław, Poland	Operation of a children's entertainment centre in Warsaw and a KFC restaurant	American Restaurants Sp. z o.o.	48.00 %	September 2003
Galeria Arka Sp. z o.o.	Warsaw, Poland	Lessee of space where a restaurant is to be opened	American Restaurants Sp. z o.o.	100.00 %	March 2005
Amrest Ukraina t.o.w.	Kiev, Ukraine	Established to develop and operate Pizza Hut restaurants in Ukraine	American Restaurants Sp. z o.o.	100.00 %	December 2005
Doris 2006 Sp. z o.o.	Warsaw, Poland	Lessee of space where a restaurant is to be opened	American Restaurants Sp. z o.o.	100.00 %	October 2006

* On 19 September 2006 Kentucky System, Kft. changed its name to American Restaurants Kft.

AmRest Holdings N.V.

As at December 31st 2006, the Group included the following affiliates, consolidated with the equity method:

Company	City and country of incorporation	Core business	Parent undertaking	Ownership interest and total vote	Initial investment
Worldwide Communication Services LLC	Nevada, USA	Marketing services for the Group	American Restaurants Sp. z o.o.	33.33 %	October 2003
Global Communication Services Sp. z o.o. in liquidation	Warsaw, Poland	No operations conducted currently	Worldwide Communication Services LLC	33.33 %	May 2002
Synergy Marketing Partners Sp. z o.o.	Warsaw, Poland	Marketing services for the Group	Worldwide Communication Services LLC.	26.66%	May 2002
Red 8 Communications Group Sp. z o.o.	Warsaw, Poland	Marketing services for the Group	Worldwide Communication Services LLC	17.33%	May 2002
Synergy Marketing Partners s.r.o.	Prague, Czech Republic	Marketing services for the Group	Synergy Marketing Partners Sp. z o.o.	24.00%	Incorporated in February 2005
SCM Sp. z o.o.	Chotomów, Poland	Delivery services for restaurants operated by the Group	American Restaurants Sp. z o.o.	45.00%	April 2005

The Group's corporate offices are located in Wrocław, Poland. The restaurants operated by the Group are located throughout Poland, the Czech Republic and Hungary.

Statement on the Accounts' Compliance with the International Financial Reporting Standards

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (the "IFRS") and their interpretations adopted by the International Accounting Standards Board (the "IASB") in the form approved for application on the territory of the European Union by virtue of the IFRS Regulation (the European Commission 1606/2002).

(c) Seasonality of Production and Markets

In the case of the AmRest Group, the seasonality of sales and inventories is not significant, which is typical to the restaurant business.

The restaurants record the lowest sales 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

AmRest Holdings N.V.

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 centres.

(d) Non-Recurring Events with a Bearing on the Financial Performance

During the period covered by these financial statements no material non-recurring events took place.

(e) Form of Presentation of the Consolidated Financial Statements and Type and Value of Changes in the Applied Estimates

Amounts in these consolidated financial statements are presented in the Polish złoty (PLN), rounded off to full thousands. These financial statements were prepared based on the historical cost convention, except financial assets and liabilities (including derivative instruments) which are subject to measurement at fair value through profit or loss.

The preparation of financial statements in compliance with the International Financial Reporting Standards requires the Management Board to make certain assumptions, judgments and estimates, which are reflected in the applied accounting policies and affect the value of assets and liabilities, revenues and expenses disclosed in these financial statements. The estimates and the related assumptions, which are made on the basis of experience and various factors deemed relevant in given circumstances, are the basis for valuation of the assets and liabilities which do not directly result from other sources. Actual results may differ from the estimates.

Estimates and their underlying assumptions are reviewed on an on-going basis. Any adjustments of the accounting estimates are recognised in the period in which the adjustments were made, on condition that they concern this period only, or in the period in which they were made and in the future periods, if they concern both the current and future periods.

The most significant estimates and assumptions concern the valuation of property, plant and equipment, intangible assets, including goodwill, revaluation allowances for accounts receivable and inventories, and adjustment to the valuation of deferred tax assets. During the period covered by these financial statements, there were no material changes in the value of estimates disclosed in the previous reporting periods.

The accounting policies have been applied consistently in all periods presented in these consolidated financial statements. The accounting policies were applied consistently by all members of the Group.

(f) Issue, Redemption and Repayment of Debt and Equity Securities

During the period covered by these financial statements, no debt or equity securities were issued, redeemed or repaid.

(g) Dividend Payment

No dividends were paid during the period covered by these financial statements.

(h) Segment Reporting

Geographical Segments

The operations of the Group's restaurants are managed centrally. However, the restaurants operate mainly in two principal geographical areas: Poland and the Czech Republic.

Breakdown of the Group's revenue into geographical segments is based on the geographical location of customers. Breakdown of the Group's assets into geographical segments is based on the geographical location of the Group's assets.

The operations of the Group's restaurants represent a single business segment. The restaurants' products and customers can be described in a similar way. Business risks and operating margins are similar for all types of operated restaurants.

Inter-segment pricing is determined on an arm's length basis.

Geographical segment data for the period ended December 31st 2006 and for the comparable period ended December 31st 2005.

AmRest Holdings N.V.

	<i>Poland</i>	<i>Czech unallocated</i>		<i>Total</i>
12 months ended 31 December 2006				
Revenue from external customers	435 718	172 247	21 361	629 326
Inter-segment revenue	-	-	-	-
Operating profit/segment result	32 638	12 984	(1 127)	44 495
Finance income				8 671
Finance costs				(4 847)
Share of profit of associates	637	-	-	637
Income tax				(10 314)
Profit for the period				38 583
Segment assets	208 200	90 921	-	299 121
Investments in associates	1 221	-	-	1 221
Unallocated corporate assets	-	-	20 647	20 647
Consolidated total assets				320 989
Segment liabilities	55 636	20 266	-	75 902
Unallocated corporate liabilities			87 223	87 223
Consolidated total liabilities				163 125
Depreciation	26 377	10 751	357	37 485
Amortization	5 143	663	302	6 108
Capital investments	55 069	19 422	-	74 491
Impairment of fixed assets	1 267	1 566	284	3 117
3 months ended 31 December 2006				
Revenue from external customers	121 038	49 526	11 434	181 998
Inter-segment revenue	-	-	-	-
Operating profit/segment result	7 625	5 278	599	13 502
Finance income				2 248
Finance costs				(910)
Share of profit of associates	107	-	-	107
Income tax				(4 750)
Profit for the period				10 143
Segment assets	208 200	90 921	-	299 121
Investments in associates	1 221	-	-	1 221
Unallocated corporate assets	-	-	20 647	20 647
Consolidated total assets				320 989
Segment liabilities	55 636	20 266	-	75 902
Unallocated corporate liabilities			87 223	87 223
Consolidated total liabilities				163 125
Depreciation	9 379	2 728	59	12 166
Amortization	1 170	150	286	1 606
Capital investments	13 691	7 072	-	20 763
Impairment of fixed assets	356	74	284	714

AmRest Holdings N.V.

	<i>Poland</i>	<i>Czech unallocated</i>		<i>Total</i>
12 months ended 31 December 2005				
Revenue from external customers	360 002	139 808	-	499 810
Inter-segment revenue	-	-	-	-
Operating profit/segment result	16 469	9 583	(2 754)	23 298
Finance income				1 351
Finance costs				(9 769)
Share of profit of associates	459	-	-	459
Income tax				6 772
Profit for the period				22 127
Segment assets	181 865	74 160	-	256 025
Investments in associates	574	-	-	574
Unallocated corporate assets	-	-	32 343	32 343
Consolidated total assets				288 942
Segment liabilities	43 179	20 751	-	63 930
Unallocated corporate liabilities	-	-	101 921	101 921
Consolidated total liabilities				165 851
Depreciation	22 091	8 543	-	30 634
Amortization	3 289	528	-	3 817
Capital investments	25 691	18 503	-	44 194
Impairment of assets	4 982	119	-	5 101
3 months ended 31 December 2005				
Revenue from external customers	100 649	40 661	-	141 310
Inter-segment revenue	-	-	-	-
Operating profit/segment result	5 521	4 106	(3 901)	5 727
Finance income				(965)
Finance costs				(1 608)
Share of profit of associates	177	-	-	177
Income tax				3 637
Profit for the period				7 034
Segment assets	181 865	74 160	-	256 025
Investments in associates	574	-	-	574
Unallocated corporate assets	-	-	32 343	32 343
Consolidated total assets				288 942
Segment liabilities	43 179	20 751	-	63 930
Unallocated corporate liabilities	-	-	101 921	101 921
Consolidated total liabilities				165 851
Depreciation	6 982	2 226	-	9 208
Amortization	1 786	228	-	2 014
Capital investments	8 431	8 229	-	16 660
Impairment of fixed assets	4 119	(461)	-	3 658

The unallocated column relates to corporate assets, liabilities (including borrowings and lease liabilities) and transactions of AmRest Holdings N.V., AmRest Ukraine t.o.w., corporate assets and liabilities of American Restaurants Kft. and amounts relating to income tax.

AmRest Holdings N.V.

(i) Events Subsequent to the Balance-Sheet Date

No material events subsequent to the balance-sheet date occurred which are not disclosed in these financial statements.

(j) Effects of Changes in the Group's Structure

Acquisition of Doris 2006 Sp. z o.o by American Restaurants Sp. z o.o., a Subsidiary

In October 25th 2006 American Restaurants Sp. z o. o. finalised the acquisition of 100% of shares in Doris 2006, a limited liability company of Warsaw, Poland. Following the transaction, AmRest became the sole owner of Doris 2006, which is the lender of business space in Warsaw..

The fair value of assets acquired and liabilities assumed was as follows (in thousands of Polish zloty):

Intangible assets (favourable leases)	495
Cash paid on acquisition	495
Net cash and cash equivalents in subsidiary acquired	-
Cash outflow on acquisition	<u>495</u>

(k) Changes in Future and Contingent Liabilities

As in the previous reporting period, the Company's future liabilities follow from the Franchise Agreements and Development Agreement discussed in Section (a).

The Franchise Agreements, discussed in Section (a), have a term of ten years each, the earliest of which commenced in 2000, and are renewable at the Company's option for a further ten years in accordance with their terms. The initial fees paid are approximately USD 40,900 per restaurant and renewal fees are 50% of the initial fees, adjusted to reflect changes in the US Consumer Price Index during the term of the relevant franchise.

Under the Franchise Agreements, the Company, through its subsidiaries, must from time to time upgrade, modify, renovate or replace all or part of its restaurants or any of their fittings, fixtures or signage or any of the equipment, systems or inventory used in the restaurant in order to maintain compliance with the relevant franchisor's then current standards. During each of the initial term and the renewal term, if any, the franchisor may not require more than two comprehensive refurbishments of all fittings, fixtures, signage, equipment, systems and inventory in the "front-of-house" area of each AmRest restaurant to then current standards and more than one comprehensive refurbishment of all fittings, fixtures, signage, equipment, systems and inventory in the "back-of-house" area of each restaurant. Individual franchise agreements signed after the Master Franchise Agreement do not contain this provision. The Company estimates the cost of upgrades at 1.5 percent of annual restaurant sales in future periods.

AmRest Holdings N.V.**1) Earnings per Ordinary Share**

The basic and diluted earnings per ordinary share were computed as follows:

	12 months ended Dec 31 2006	3 months ended Dec 31 2006	12 months ended Dec 31 2005	3 months ended Dec 31 2005
Net profit attributable to shareholders of the parent(PLN '000)	38 642	10 197	22 111	6 968
Ordinary shares as at January 1st/April 1 st	13 500 000	13 500 000	10 000 000	13 500 000
Effect of shares issued	-	-	2 387 671	-
Effect of stock options granted	36 130	36 130	-	-
Weighted average number of ordinary shares as at September 30	<u>13 536 130</u>	<u>13 536 130</u>	<u>12 387 671</u>	<u>13 500 000</u>
Basic earnings per share (PLN)	2,86	0,76	1,78	0,52
Diluted earnings per share (PLN)	2,85	0,75	1,78	0,52

The effect of potential new ordinary shares to be created under the options granted is slightly dilutive. This applies mainly to options granted in 2005.