AmRest Holdings SE

Condensed Interim Consolidated Financial Statements

as at and for the six months ended 30 June 2009

Contents

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Wroclaw, 31 August 2009

Interim Consolidated Income Statement
for the six months ended 30 June 2009 and 30 June 2008

In thousands of Polish Zloty	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Restaurant sales	2	1 044 426	507 582
Restaurant expenses:			
Costs of food		(333 535)	(171 086)
Direct marketing costs		(47 166)	(23 991)
Direct depreciation and amortization expenses		(41 140)	(26 501)
Payroll and employee benefits		(271 141)	(100 680)
Continuing franchise fees		(54 379)	(29 989)
Occupancy and other operating expenses		(202 851)	(88 554)
Total restaurant expenses		(950 212)	(440 801)
Gross profit on sales		94 214	66 781
General and administrative expenses (G&A)		(62 266)	(35 589)
Depreciation and amortization expenses (G&A)		(4 040)	(1 564)
Other operating income		17 977	4 253
(Loss) on disposal of property, plant and equipment and intangibles		(969)	(771)
Impairment losses		(8 466)	(804)
Operating profit		36 450	32 306
Finance costs	2,4	(17 683)	(6 304)
Finance income	2,3	16 213	5 556
Share in post tax profits of associates	2,16	24	491
(Loss) on disposal of associates		(2 608)	-
Profit before tax		32 396	32 049
Income tax expense	2,5	(6 080)	(9 244)
Profit for the period		26 316	22 805
Attributable to:			
Minority interest		854	(989)
Equity holders of the parent		25 462	23 794
Basic earnings per share in Polish zloty	1k	1,79	1,68
Diluted earnings per share in Polish zloty	1k	1,79	1,67

The Interim Consolidated Income Statement has to be analyzed jointly with the notes which constitute an integral part of these Condensed Interim Consolidated Financial Statements. Information on period as at and for the three months ended 30 June 2009 is included in the Interim Management Report for the six months ended 30 June 2009.

Interim Consolidated Statement of Comprehensive Income for the six months ended 30 June 2009 and 30 June 2008

In thousands of Polish Zloty	**Six months ended 30 June 2009**	**Six months ended 30 June 2008**
Profit for the period	26 316	22 805
Other comprehensive income:		
Currency translation differences from conversion of foreign entities	48 931	(22 860)
Financial assets held for sale	-	1 057
Cash flow hedges	7 166	(2 679)
Currency translation differences from translation of loan	(6 170)	-
Actuarial gains (losses) – plans of determined benefits	1 158	742
Participation in other comprehensive income of associated entities	1	435
Income tax concerning other comprehensive income	(9 706)	5 593
Other comprehensive income for the period, net of tax	41 380	(17 712)
Total comprehensive income for the period	67 696	5 093
Profit attributable to:		
Equity holders of the parent	25 462	23 794
Minority interest	854	(989)

The Interim Consolidated Statement of Comprehensive Income has to be analyzed jointly with the notes which constitute an integral part of these Condensed Interim Consolidated Financial Statements. Information on period as at and for the three months ended 30 June 2009 is included in the Interim Management Report for the six months ended 30 June 2009.

Interim Consolidated Statement of Financial Position
as at 30 June 2009 and 31 December 2008

In thousands of Polish Zloty	Note	2009	2008 restated
Assets			
Property, plant and equipment	6	499 361	480 315
Goodwill		327 833	308 621
Other intangible assets	7	48 449	43 931
Investment in associates	2,15	823	37 725
Other non-current assets		59 426	57 359
Deferred tax assets		15 498	16 113
Total non-current assets		951 390	944 064
Inventories	8	19 763	20 878
Trade and other receivables	9	69 885	70 033
Corporate income tax receivables		7 755	1 098
Other current assets		15 080	12 263
Derivative financial instruments		5 774	9 254
Cash and cash equivalents		59 453	37 583
Total current assets		177 710	151 109
Total assets	2	1 129 100	1 095 173
Equity			
Share capital		427	545
Reserves		286 602	314 808
Retained earnings		7 902	(10 353)
Net profit		25 462	25 034
Translation reserve		72 822	24 750
Equity attributable to shareholders of the parent		393 215	354 784
Minority interest		20 756	15 045
Total equity		413 971	369 829
Liabilities			
Interest-bearing loans and borrowings	11	433 576	391 934
Finance lease liabilities	12	4 130	4 024
Employee benefits		1 693	1 548
Provisions		4 115	5 529
Deferred tax liability		11 454	10 589
Other non-current liabilities		521	551
Total non-current liabilities		455 489	414 175
Interest-bearing loans and borrowing	11	23 312	40 536
Finance lease liabilities	12	494	597
Trade and other payables		235 374	269 642
Income tax liabilities		460	394
Total current liabilities		259 640	311 169
Total liabilities	2	715 129	725 344
Total equity and liabilities		1 129 100	1 095 173

The Interim Consolidated Statement of Financial Position has to be analyzed jointly with the notes which constitute an integral part of these Condensed Interim Consolidated Financial Statements.

Interim Consolidated Statement of Cash Flows
for the six months ended 30 June 2009 and 30 June 2008

In thousands of Polish Zloty	**Note**	**Six months ended 30 June 2009**	**Six months ended 30 June 2008**
Cash flows from operating activities			
Profit before tax		32 396	32 049
Adjustments for:			
Share of profit of associates		(24)	(491)
Loss on disposal of associates		2 608	-
Amortization		2 316	2 048
Depreciation		42 864	26 017
Interest expense, net		15 543	4 780
Unrealised foreign exchange gains on financial activity		(3 083)	(4 291)
(Gain) on PUT option revaluation		(11 736)	-
Loss on disposal of fixed assets		969	771
Impairment of assets		8 462	788
Equity-settled share-based payments expenses		1 158	742
Working capital changes:			
Change in receivables		(2 160)	3 133
Change in inventories		1 941	1 821
Change in other assets		683	4 865
Change in payables and other liabilities		(12 358)	(17 720)
Change in provisions and employee benefits		117	796
Income tax (paid)/received		(10 606)	(8 909)
Interest paid		(15 543)	(4 780)
Other		(8 392)	(2 369)
Net cash provided by operating activities		45 155	39 250
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(19 296)
Proceeds from the sale of property, plan and equipment and intangible assets		2 767	2 192
Proceeds from sale of associates		30 465	-
Acquisition of property, plan and equipment		(58 267)	(64 968)
Acquisition of intangible assets		(4 748)	(4 430)
Acquisition of assets held for sale		-	(8 708)
Net cash used in investing activities		(29 783)	(95 210)
Cash flows from financing activities			
Proceeds from borrowings		30 000	67 000
Redemption of debt securities issued		(10 000)	-
Proceeds from debt securities issued		-	534
Repayment of borrowings		(15 707)	(22 916)
Repayment of finance lease		3	(899)
Net cash provided by financing activities		4 296	43 719
Net change in cash and cash equivalents		19 668	(12 241)
Cash and cash equivalents, beginning of the period		37 583	46 873
Effect of foreign exchange rate fluctuations		2 202	951
Cash and cash equivalents, end of the period		59 453	35 583

The Interim Consolidated Statement of Cash Flows has to be analyzed jointly with the notes which constitute an integral part of these Condensed Interim Consolidated Financial Statements.

Interim Consolidated Statement of Changes in Shareholders' Equity
for the six months ended 30 June 2009 and 30 June 2008

In thousands of Polish Zloty	Attributable to owners of the Company								Minority interest	Total
	Share capital	Share premium	Share options	Other reserves	**Total reserves**	**Accumulated gains/losses**	**Currency translation**	**Total**		
As at 1 January 2008	**544**	310 264	4 077	6 191	**320 532**	**(10 353)**	**(21 576)**	**289 147**	**4 316**	**293 463**
Employee share option scheme – value of employee services	-	-	742	-	**742**	-	-	**742**	-	**742**
Employee share option scheme – value of realised options	-	-	(859)	-	**(859)**	-	-	**(859)**	-	**(859)**
Currency translation differences	-	-	-	-	-	-	**(22 860)**	**(22 860)**	-	**(22 860)**
Issue of shares	1	1 409	-	-	**1 409**	-	-	**1 410**	-	**1 410**
Measurement of cash flow hedges	-	-	-	(1 622)	**(1 622)**	-	-	**(1 622)**	-	**(1 622)**
Capital and reserves attributable to minority interest	-	-	-	-	-	-	-	-	**1 835**	**1 835**
Profit/(Loss) for the period	-	-	-	-	-	**23 794**	-	**23 794**	**(989)**	**22 805**
As at 30 June 2008	**545**	**311 673**	**3 960**	**4 569**	**320 202**	**13 441**	**(44 436)**	**289 752**	**5 162**	**294 914**
As at 31 December 2008	**545**	311 673	5 624	(2 489)	**314 808**	**13 770**	**24 750**	**353 873**	**17 996**	**372 780**
Final acquisition of Apple Grove Holdings, LLC	-	-	-	-	-	**911**	-	**911**	-	**911**
Change in functional currency of the Parent	**(118)**	(31 219)	-	-	**(31 219)**	**(6 779)**	-	**(38 116)**	-	**(38 116)**
As at 1 January 2009	**427**	280 454	5 624	(2 489)	**283 589**	**7 902**	**24 750**	**316 668**	**17 996**	**334 664**
Employee share option scheme – value of employee services	-	-	1 158	-	**1 158**	-	-	**1 158**	-	**1 158**
Currency translation differences	-	-	859	-	**859**	-	**48 072**	**48 931**	-	**48 931**
Currency translation differences from translation of loan	-	(6 170)	-	-	**(6 170)**	-	-	**(6 170)**	-	**(6 170)**
Measurement of cash flow hedges	-	-	-	7 166	**7 166**	-	-	**7 166**	-	**7 166**
Capital and reserves attributable to minority interest	-	-	-	-	-	-	-	-	**1 906**	**1 906**
Profit/(Loss) for the period	-	-	-	-	-	**25 462**	-	**25 462**	**854**	**26 316**
As at 30 June 2009	**427**	**274 284**	**7 641**	**4 677**	**286 602**	**33 364**	**72 822**	**393 215**	**20 756**	**413 971**

The Interim Consolidated Statement of Changes in Shareholders' Equity has to be analyzed jointly with the notes which constitute an integral part of these Condensed Interim Consolidated Financial Statements.

Notes to Interim Condensed Consolidated Financial Statements
(All amounts in Polish Zloty unless otherwise stated)

1 Information on the Group and significant accounting policies

(a) General information

AmRest Holdings SE ('the Company') was established in the Netherlands in October 2000 as a joint-stock company. On 19 September 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. On 22 December 2008, the District Court for Wroclaw - Fabryczna in Wroclaw registered the new office of AmRest in the National Court Register. The address of the Company's new registered office is: pl. Grunwaldzki 25-27, Wroclaw (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 a form of a European Company. The purpose of transforming AmRest into the European Company was to increase its operating effectiveness and reduce operating and administrative expenses.

Hereafter, the Company and its subsidiaries shall be referred to as 'the Group'.

The Group's Interim Condensed Consolidated Financial Statements for the six months period ended 30 June 2009 cover the Company, its subsidiaries and the Group's shares in associates.

These Interim Condensed Consolidated Financial Statements were approved by the Company's Management Board on 31 August 2009.

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, Hungary, Russia, Serbia and Bulgaria on the basis of franchises granted, and Applebee's® in the USA, as well as proprietary 'Rodeo Drive' and 'Freshpoint' restaurants.

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

Before 27 April 2005, the Company's co-shareholders and entities exercising their rights from the shares held in the Company were International Restaurants Investments, LLC ('IRI') with its registered office in the United States of America, and Kentucky Fried Chicken Poland Holdings BV ('KFC BV') with its registered office in the Netherlands. The co-shareholders held 50% shares each and had the same proportion of voting rights before the Company was quoted on the stock exchange for the first time.

IRI was a company controlled by American Retail Concepts, Inc. with its registered office in the United States of America ('ARC'), and KFC BV was a company controlled by YUM! Brands, Inc. ('YUM!') with its registered office in the USA.

In connection with the flotation of the Company on GPW, YUM! sold all its shares in the Company and is no more a shareholder or a related entity. Also when the Company was floated on GPW, IRI sold part of the shares held.

As at 30 June 2009, WBK AIB Asset Management was the largest shareholder of AmRest and held 20.24% of its shares and voting rights.

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 specific terms and conditions specified in the agreements.

Burger King restaurants operate on the basis of franchise agreements signed with Burger King Europe GmbH with its registered office in Zug, Switzerland. The franchise agreements are concluded separately by each restaurant upon its being opened. 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.

The Group will open and operate Burger King restaurants according to a precisely specified development plan which stipulates a minimum number of openings in each development year, in accordance with the definition in
the Development Agreement described in the Consolidated Financial Statement as at 31 December 2008.

On 25 May 2007, the Group signed agreements with Starbucks Coffee International, Inc. ('Starbucks') relating to the development of Starbucks cafés in Poland, the Czech Republic and Hungary. The agreement covers a period to 31 May 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 Republic and Hungary. On 27 March 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 on August 31, 2007. These companies are the only entities authorized to develop and run Starbucks cafés in Poland, the Czech Republic 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 third and fourth year after establishing the companies, if the Group does not meet the commitments relating to opening and operating a minimum number of Starbucks cafés in Poland, the Czech Republic and Hungary, Starbucks will be entitled to increase its share in the companies by purchasing additional shares (maximum up to 50%). In the fifth and 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.

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.

On 9 July AmRest LLC ('AmRest USA') purchased 80% of shares in Apple Grove Holdings, LLC ('AGH'), a limited liability company with its registered office in Delaware, USA from Grove Ownership Holding, LLC ('the Seller'), a limited liability company with its registered office in Georgia, USA.

The above transaction allowed the Group to enter the American restaurant market by acquiring 104 Applebee's® restaurants. AppleGrove Holdings, LLC has a signed franchise agreement with Applebee's Franchising LLC. The preliminary fee paid by the Group in respect of signing the franchise agreement for each Applebee's® restaurant for a period of 20 years, with the option of extending it for a further 10 years, is USD 35,000.

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(All amounts in Polish Zloty unless otherwise stated)

As at 30 June 2009, the Group comprised the following subsidiaries:

Company name	City and country of incorporation	Principal activity	Parent company	Ownership interest and voting rights	Date of effective control
AmRest Sp. z o.o.	Wroclaw, Poland	Operating restaurants in Poland	AmRest Holdings SE	100.00 %	December 2000
AmRest s.r.o.	Prague, Czech Republic	Operating restaurants in the Czech Republic	AmRest Holdings SE	100.00 %	December 2000
International Fast Food Polska Sp. z o.o. in liquidation	Wroclaw, Poland	No current operations	AmRest Sp. z o.o.	100.00 %	January 2001
Pizza Hut s.r.o.	Prague, Czech Republic	No current operations	AmRest s.r.o. AmRest Sp. z o.o.	99.973% 0.027%	December 2000
AmRest Kft	Budapest, Hungary	Operating restaurants in Hungary	AmRest Sp. z o.o.	100.00 %	June 2006
AmRest Ukraina t.o.w.	Kiev, Ukraine	No current operations	AmRest Sp. z o.o.	100.00 %	December 2005
AmRest Coffee Sp. z .o.o.	Wroclaw, Poland	Operating cafés in Poland	AmRest Sp. z o.o. Starbucks Coffee International, Inc	82.00 % 18.00 %	March 2007
Bécsi út.13. Kft	Budapest, Hungary	Owner of the building where the office area is located	AmRest Kft	100.00 %	April 2007
AmRest EOOD	Sofia, Bulgaria	Operating restaurants in Bulgaria	AmRest Sp. z o.o.	100.00 %	April 2007
AmRest Coffee s.r.o.	Prague, Czech Republic	Operating cafés in the Czech Republic	AmRest Sp. z o.o. Starbucks Coffee International, Inc	82.00 % 18.00 %	August 2007
AmRest Acquisition Subsidiary Inc.	Wilmington USA	Holding activities	AmRest Holdings SE	100.00 %	May 2007
OOO AmRest	Petersburg, Russia	Operating restaurants In Russia	AmRest Acquisition Subsidiary Inc. AmRest Sp. z o.o.	1,56 % 98,44%	July 2007
OOO KFC Nord	Moscow, Russia	No current activities	OOO AmRest	100.00%	July 2007
OOO KFC South	Moscow, Russia	No current activities	OOO AmRest	100.00%	July 2007
OOO Sistema Bistrogo Pitania.	Moscow, Russia	No current activities	OOO AmRest	100.00%	July 2007

(All amounts in Polish Zloty unless otherwise stated)

AmRest Kávézó Kft	Budapest, Hungary	Operating cafés in the Czech Republic	AmRest Sp. z o.o. Starbucks Coffee International, Inc	82.00 % 18.00 %	August 2007
AmRest D.O.O.	Belgrade, Serbia	Operating restaurants in Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60.00 % 40 00%	October 2007
AmRest LLC	Wilmington, USA	Holding activities	AmRest Sp. z o.o.	100.00 %	July 2008
AppleGrove Holdings LLC	Delaware, USA	Operating Applebee's restaurants in the US	AmRest LLC Grove Ownership Holdings LLC	80. 00 % 20. 00 %	July 2008
SCM Sp. z o.o.	Chotomow, Poland	Delivery services for restaurants provided to the Group and external entities	AmRest Sp. z o.o.	51.00%	April 2005

On 23 March 2009, the District Court for Wroclaw issued a ruling on the liquidation of the subsidiary Grifex I Sp. z o.o.

As at 30 June 2009, the Group comprised the following associated entities included in the Interim Condensed Consolidated Financial Statements under the equity method:

Company Name	City and country of incorporation	Principal activity	Parent company	Ownership interest and voting rights	Date of effective control
Worldwide Communication Services LLC	Nevada, USA	Marketing activities on behalf of the Group entities	AmRest Sp. z o.o.	33.33 %	October 2003
Red 8 Communications Group Sp. z o.o. *	Warsaw, Poland	Marketing activities on behalf of the Group entities	Worldwide Communication Services LLC	17.33%	May 2002
SCM s.r.o.	Prague, Czech Republic	Delivery services for restaurants provided to the Group and external entities	SCM Sp. z o.o.	40.50%	March 2007

* The Group holds a 17.33% share in the voting rights and capital of Red 8 Communication Group Sp. z o.o. The Group may have a material impact on the operation of the Company because it is a subsidiary of its associated entity – Worldwide Communication Services LLC, which holds 52% of voting rights in the company.

The Group's offices are located in Wroclaw, Poland. As at 30 June 2009, the restaurants operated by the Group are located in Poland, the Czech Republic, Hungary, Russia, Bulgaria, Serbia and the USA.

(b) Basis of preparation and accounting policies

These Interim Condensed Consolidated Financial Statements as at and for the six months ended 30 June 2009 have been prepared in accordance with the IAS 34 Interim Financial Reporting.

These Interim Condensed Consolidated Financial Statements do not include all information or disclosures which are required in the annual financial statements and they should be read together with the annual Consolidated Financial Statements of the Group as at 31 December 2008.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009:

- IFRS 8 'Operational Segments'

IFRS 8 was published by the International Accounting Standards Board on 30 November 2006 and is binding for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, Segment Reporting. The Standard defines new disclosure requirements relating to business segments and information on goods and services, geographical segments of business and key customers. IFRS 8 requires a management approach to reporting the results of business segments.

- The revised IAS 23 'Borrowing Costs'

The revised IAS 23, Borrowing costs was published by the International Accounting Standards Board on 29 March 2007 and is binding for annual periods beginning on or after 1 January 2009. The change relates to the accounting treatment of borrowing costs which may be directly attributed to the acquisition, construction or manufacture of assets which require significant time to be prepared for intended use or sale. According to the revised regulations, the possibility of immediate recognition of these costs in the income statement for the period in which they were incurred was removed. In accordance with the new requirement of the Standard, the costs have to be capitalized.

- IAS 1 (Z) 'Presentation of Financial Statements'

The revised IAS 1 was published by the International Accounting Standards Board on 6 September 2007 and is binding for annual periods which begin on or after 1 January 2009. The revision relates mainly to presentation issues in respect of equity with the aim of improving the ability of the financial statement users to analyze and compare information included therein.

- The revised IFRS 2 'Share-based Payments'

The revised IFRS 2 was published by the International Accounting Standards Board on 17 January 2008 and is binding for annual periods beginning on or after 1 January 2009. The revised Standard relates to two issues: it explains that the terms and conditions for acquiring entitlements are not only the condition of providing services and the condition related to the entity's operating results. The other features of the share-based payment plans are not considered as the terms and conditions for acquiring entitlement. The standard explains that accounting treatment of discontinuing a plan by an entity or any other party to the transaction should be identical.

- The revised IAS 32 'Financial Instruments: Presentation' and revised IAS 1 „Presentation of financial statements'

The revised IAS 32 and IAS 1 were published by the International Accounting Standards Board on 14 February 2008 and are binding for annual periods beginning on or after 1 January 2009. The amendments relate to the accounting treatment of some financial instruments which are characterized by similarity to equity instruments but are classified as financial liabilities. In accordance with the new requirement of the Standard, financial instruments such as puttable financial instruments or obligations to pay out shares in net assets only on liquidation are, after meeting specific terms, presented in equity. The Management Board is in the process of assessing the impact of the revised standard on the Group's financial statements.

- IFRS Improvements 2008

The International Accounting Standards Board has issued 'IFRS improvements', which amend 20 standards. The amendments include changes in presentation, recognition and valuation and include terminology and editorial changes. The majority of amendments is effective from annual periods starting 1 January 2009.

- The revised IFRS 1 and IAS 27

The revised IFRS 1 and IAS 27 were published by the International Accounting Standards Board on 22 May 2008 and are binding for annual periods beginning on or after 1 January 2009.

The revisions allow applying 'deemed cost' or fair value or carrying amount determined according to the accounting principles binding for subsidiaries, associates or co-subsidiaries in the separate financial statements. Moreover, the cost method was eliminated and replaced with the method for recognizing revenue in connection with the dividends received in the separate financial statements.

- IFRIC 12 'Service Concession Arrangements'

IFRIC 12, Service Concession Arrangements, was issued by the International Financial Reporting Interpretations Committee on 30 November 2006 and is binding for annual periods beginning on or after 29 March 2009. The interpretation provides guidance on the application of existing standards by entities involved in concession arrangements for services between the public and private sectors. IFRIC 12 pertains to those arrangements in which the engager controls what services will be provided by the operator using the infrastructure, to whom these services will be provided and for what consideration.

- IFRIC 13 'Customer Loyalty Programmes'

IFRIC 13 was issued by the International Financial Reporting Interpretations Committee on 28 June 2007 and is binding for periods beginning on or after 1 July 2008. The interpretation provides guidance on the accounting treatment of transactions resulting from customer loyalty programmes implemented by the entity such as loyalty cards or award credits. IFRIC 13 specifically indicates the correct manner of recognizing liabilities resulting from the necessity of delivering free of charge or reduced price goods or services to customers who realize their credits.

- IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

IFRIC 14 was issued by the International Financial Reporting Interpretations Committee on 9 July 2007 and is binding for annual periods beginning on or after 1 January 2009. The Interpretation includes general guidelines on how to assess the ceiling value of the fair value of plan assets over the current value of the respective defined benefit plan commitments which may be recognized as an asset in accordance with IAS 19 Employee benefits. Moreover, IFRIC 14 explains how statutory or contractual requirements in respect of minimum finance may impact the amount of assets or liabilities of the respective defined benefit plan.

Standards and interpretations that entered into force on 1 January 2009 did not influence the accounting principles used by the Company. Therefore accounting policies applied in preparing these Interim Condensed Consolidated Financial Statements are consistent with the accounting principles applied in preparing the financial statements for the year ended 31 December 2008, and described therein.

(c) 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.

(d) Form of presentation of the Interim Condensed Consolidated Financial Statements. Type and amounts of changes in the value of the estimates.

The consolidated financial statements are presented in Polish zlotys (PLN), rounded up/down to full thousands. The Interim Condensed Consolidated Financial Statements were prepared on the historical cost basis, except for financial assets and financial liabilities (including derivative instruments) which are subject to revaluation at fair value which is then recognized in the profit and loss account.

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, liabilities, income and expenses. The results of the estimates and the respective assumptions being the result of experience and various factors deemed to be justified in given circumstances are the basis for assessing the values of assets or liabilities which do not result directly from other sources. The actual financial results may differ from the adopted estimates.

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

The most significant estimates and assumptions have occurred in the area of valuation of property, plant and equipment, intangible assets, including goodwill, write-downs of account receivables, inventory and adjustments of deferred income tax. During the reporting period there was no significant change in the estimated amounts that have been reported in previous reporting periods.

As a result of moving the Company’s headquarter to Poland the functional currency of the Parent has changed to from the beginning of the financial year 2009, namely 1 January 2009.

(All amounts in Polish Zloty unless otherwise stated)

(e) Unusual events affecting the operating activities

During the reporting period no significant unusual events have been identified.

(f) Issuances, repurchases and repayments of debt and equity securities

During the reporting period the Company repurchased Bonds of total value PLN 10 000 thousand.

(g) Dividends paid

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

(h) The effects of changes in the structure of the Group

Pursuant to the information held by the Company, as of the quarterly report, i.e. 31 August 2009, following shareholders submitted information on holding directly or indirectly (through subsidiaries) at least 5% of the number of votes at the General Shareholders Meeting of AmRest Holdings SE (‘AmRest’):

Shareholder	Number of Shares	% of Share Capital	Number of votes	% of votes
BZ WBK AIB AM	2 870 940	20,24%	2 870 940	20,24%
ING OFE	2 481 314	17,49%	2 481 314	17,49%
Henry McGovern	1 348 010	9,50%	1 348 010	9,50%
Commercial Union OFE	1 000 000	7,05%	1 000 000	7,05%
Otwarty Fundusz Emerytalny PZU ‘Zlota Jesien’	745 257	5,25%	745 257	5,25%

On 7 July 2009 AmRest informed that as a result of shares acquisition (134 789) on 25 June 2009 Otwarty Fundusz Emerytalny PZU ‘Zlota Jesien’ (‘OFE PZU’) increased its share in Company’s equity from 4.30% to 5.25%.

On 8 July 2009 the Management Board of AmRest informed that as a result of shares disposal (87 000) on 2 July 2009 the funds managed by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (‘BZ WBK TFI’) decreased their share in Company’s equity from 15.03% to 14.41%.

(i) Changes in future and contingent liabilities

As in the previous reporting period, the Company’s future liabilities follow on from the Franchise Agreements and Development Agreement.

Restaurants are operated in accordance with franchise agreements with YUM! and its subsidiaries and Starbucks Coffee International , Inc and Burger King Europe GmbH.

These franchise agreements typically require that the Group pays an initial non-refundable fee upon the opening of each new restaurant, continuing fees of 6% of revenues and commits 5% of revenue to advertising as specified in the relevant agreements. In addition, after completion of the initial contract period, the Group may renew the franchise agreement, which is a subject to a renewal fee.

Initial non-refundable fees constitute in substance rights to use Pizza Hut and KFC trademarks and are classified as intangible asset and amortized over the period of the franchise agreement (usually 10 years). Other fees are recognized in the profit and loss account when incurred. Renewal fees are amortized over the renewal period when a renewal agreement comes into force.

The initial fees paid are approximately USD 41 900 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.

The most significant conditions relating to franchise agreements to be concluded with Burger King Section (a) are as follows:

- The license is granted for 10 years from the date on which the restaurant starts operating. Franchisee has the right to extend the contract for a further period of 10 years after the completion of certain conditions.
- Franchisee will pay to the franchisor monthly continuing franchise fees of 5% of the Gross Sales of the Burger King restaurant run by the franchisee.
- Franchisee will pay to the franchisor monthly continuing advertising and sales promotion fees of 5% of the Gross Sales of the Burger King restaurant run by the franchisee.

The key fees and costs to be incurred by the Group relating to agreements with Starbucks Coffee International, Inc. Section (a) are as follows:

- The development and service fees for initial operation support equal to an amount USD 950 thousand.
- The initial franchise fee of USD 25 thousand for each Starbucks store.
- The continuing licensing and service fee equal to 6% of sales revenues of each Starbucks store.
- A local marketing fee determined each year between parties.

The key fees and costs to be incurred by the Group relating to agreements with Applebee’s Franchising LLC Section (a) are as follows:

- The initial franchise fee of USD 35 thousand per each newly opened Applebee’s restaurant.
- The fixed license fee equal to 5% of sales revenues of each of the Applebee’s restaurants.
- The monthly fee for advertising and promoting sales in an amount of no less than 2.75% of sales of the Applebee’s restaurants, in recognition of the fact that the Franchiser may increase the fee to 4%.
- A local marketing fee of 1% of the sales revenue of the Applebee’s restaurants.

According to the Management Board as at the date of these Interim Condensed Consolidated Financial Statements the Group meets all of the conditions of franchise agreements.

(j) Earnings per share

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

	Six months ended 30 June 2009	Six months ended 30 June 2008
Net profit attributable to equity holders of the parent company in PLN thousand	25 462	23 794
Weighted average number of ordinary shares in issue	14 186 356	14 172 269
Impact of share options awarded in 2005	24 282	59 000
Impact of share options awarded in 2006	-	35 344
Impact of share options awarded in 2007	-	-
Impact of share options awarded in 2008	-	-
Impact of share options awarded in 2009	-	-
Weighted average number of ordinary shares for diluted earnings per share	14 210 638	14 266 613
Basic earnings per ordinary share in PLN	1,79	1,68
Diluted earnings per ordinary share in PLN	1,79	1,67

2 Segment reporting

Operating Segments

The company has identified a number of operating segments, which are the restaurant brands . In view of the similar nature of business the company treats them as one reporting segment.

Geographical Segments

Even though the Group is managed on a worldwide basis, its business activities operate mainly in Poland, the Czech Republic, Russia and the United States of America.

The division of Group’s revenue into geographical segments is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group’s restaurant operations constitute one business segment. Restaurant products and clients may be characterized in a similar manner, whereas business risks and the level of return on operations are similar for all types of restaurants operated.

Geographical segment data as at and for the six months ended 30 June 2009 and comparable period ended 30 June 2008 are as follows:

(All amounts in Polish Zloty unless otherwise stated)

	Poland	*Czech Republic*	*Russia*	*USA*	*Unallocated*	*Total according to Interim Condensed Consolidate Financial Statements*
Six months ended 30 June 2009						
Revenue from external customers	363 878	141 649	86 908	413 356	38 635	1 044 426
Inter-segment revenue						
Operating result, segment result	32 746	1 376	1 626	6 521	(5 819)	36 450
Finance income						16 213
Finance costs						(17 683)
Share of profits of associates	24	-	-	-	-	24
(Loss) on disposal of associates	(2 608)	-	-	-	-	(2 608)
Income tax						(6 080)
Profit for the period						26 316
Segment assets	352 800	159 976	239 872	298 576	77 053	1 128 277
Investments in associates	823	-	-	-	-	823
Total assets						1 129 100
Segment liabilities	76 607	63 489	18 833	85 907	470 293	715 129
Total liabilities						715 129
Pension, health care, sickness fund state	11 351	8 221	1 908	20 025	3 259	44 764
Depreciation	16 628	10 001	3 500	9 968	2 768	42 865
Amortization	1 747	353	(483)	409	289	2 315
Capital investment	45 431	7 465	5 111	2 467	2 724	63 198
Impairment of fixe assets	2 268	3 757	1 953	-	484	8 462
Impairment of trade receivables	11	-	-	-	(7)	4

(All amounts in Polish Zloty unless otherwise stated)

	Poland	*Czech Republic*	*Russia*	*USA*	*Unallocated*	*Total according to Interim Condensed Consolidate Financial Statements*
Six months ended 30 June 2008						
Revenue from external customers	320 805	100 665	60 554	-	25 558	507 582
Inter-segment revenue						
Operating result, segment result	32 885	1 748	3 249	-	(5 576)	32 306
Finance income						5 556
Finance costs						(6 304)
Share of profits of associates	491	-	-	-	-	491
Income tax						(9 244)
Profit for the period						22 805
Segment assets	231 121	116 455	218 770	-	80 621	646 967
Investments in associates	2 844	-	-	-	-	2 844
Total assets						649 811
Segment liabilities	31 079	20 043	31 606	-	272 169	354 897
Total liabilities						354 897
Pension, health care, sickness fund state	9 695	5 278	441	-	1 300	16 714
Depreciation	14 806	6 406	3 102	-	1 703	26 017
Amortization	1 335	368	328	-	17	2 048
Capital investment	26 933	17 739	45 978	-	16 255	106 905
Impairment of fixe assets	293	495	-	-	-	788
Impairment of trade receivables	16	-	-	-	-	16

The ‘Unallocated’ column relates to asset and liability balances non-allocated to segments (covering borrowings and lease liabilities) and transactions of AmRest Holdings SE. and subsidiaries located in Hungary, the Ukraine, Bulgaria and Serbia.

Information on period as at and for the three months ended 30 June 2009 is included in the Interim Management Report for the six months ended 30 June 2009.

<u>Entering the restaurant market in USA</u>

Acquisition of AppleGrove Holdings, LLC

On 4 July 2008 AmRest Holdings SE set up the company AmRest, LLC with headquarters in Delaware, USA. AmRest, LLC was set up in order to acquire 80% shares of AppleGrove Holdings, LLC.

On 9 July 2008 AmRest LLC (AmRest USA) acquired 80% shares of AppleGrove Holdings, LLC (‘AGH’), limited liability company with headquarters in Delaware, USA from Grove Ownership Holding, LLC (‘Seller’), limited liability company with headquarters in Georgia, USA.

The above mentioned transaction enabled entering the American restaurant market via the acquisition of 104 Applebee’s® restaurants.

Details of estimated fair values of net assets acquired, goodwill and purchase price as at the date of acquisition are as follows (in PLN thousand).

	Carrying amounts	**Fair value adjustments and other adjustments at 31 December 2008**	**Current fair value adjustments and other adjustments**	**Fair value**
Cash and cash equivalents	3 810			3 810
Tangible fixed assets	91 083	(15 746)	(13 862)	61 475
Intangible assets	10 645	2 800	-	13 445
Inventory	4 090	-	-	4 090
Trade and other receivables	8 925	379	3 870	13 174
Other current assets	1 309	(3)	-	1 306
Other long-term assets	408	(20)	-	388
Trade payables and other liabilities	(45 264)	14 454	(23 802)	(54 612)
Total net assets	75 006	1 864	(33 794)	43 076
Acquired share in net assets (80%)				34 461
Goodwill				89 122
Purchase price				**123 583**
Amount paid in cash				123 527
Due diligence				767
Adjustment of primary purchase price				(711)
Purchase price				**123 583**
Amount paid in cash				123 526
Cash and cash equivalents acquired				(3 810)
Cash outflow for acquisition				**119 716**

Fair values and other adjustments presented in the table above related mostly to:

- valuation of fair value of a part of fixed assets;
- valuation of fair value of a part of intangible assets;
- valuation of fair value of liabilities for identified risks.

(All amounts in Polish Zloty unless otherwise stated)

The fair value was calculated based on fair values of acquired net assets and refers mainly to benefits from obtained access to customers of American restaurant market of Applebee's® network.

The final purchase price was adjusted in relation to primarily set amount of PLN 123,526 thousand (USD 59,101 thousand) by PLN 711 thousand and finally amounted to PLN 123,583 thousand (USD 59,128 thousand). The adjustment was made on the basis of EBITDA, which was achieved by AppleGrove Holdings, LLC during the period from 1 April 2007 to 31 March 2008.

In accordance with the terms of the purchase agreement of AppleGrove Holdings, LLC, within the purchase price, AmRest acquired an option for 5 million EUR, which gives the opportunity to purchase the remaining 20% shares of AppleGrove Holdings, LLC, within three years from the date of 9 July 2008, under the certain conditions. It was considered that the purchase price of the options is an integral part of the purchase price of 80% shares of AppleGrove Holdings, LLC and as such did not constitute a separate asset of the Group.

Under the provisions of the contract of purchase the shares, the seller has the right, in the form of a put option, to the sale of the remaining 20% shares of AppleGrove Holdings, LLC. Sales of these shares may be made in each, starting with the fifth, the anniversary of the acquisition of shares of AppleGrove Holdings, LLC. Sale of the remainder of the shares by the Seller may also be made in advance at any time, in the event of meeting one of the following conditions:

- bankruptcy by AppleGrove Holdings, LLC;
- if at any time, but not earlier than one year after the completion of sales transactions, business valuation of AppleGrove made after the date of acquisition is less than 80% of the business valuation carried out at the time of purchase;
- if the value of the debt AppleGrove Holdings, LLC, exceeds four times EBITDA;
- if the Company receives a notice of non-compliance with the conditions of the contract or request for an expedited settlement obligations;
- if the entity that controls the Company changes;
- if the Company receives a notice of non-compliance with the conditions of the contract or notice of termination of franchise agreements for 20% or more restaurants.

The put option of 20% stake, which has the Seller, is the financial liability of the Company. In the opinion of the Management Board, the likelihood of the use of options by the Seller in July 2009 is high. The following table provides detailed exploration of the liability in the consolidated financial statements of the Group.

Date	**Amount of liability**	**Presentation in Financial Statements**
4 July 2008 – acquisition of the Company	15 953	Reduction of retained earnings by costs of 15,953
Discount (5 July 2008 – 30 June 2009)	1 065	Finance costs
30 June 2009	**17 018**	**17 018**

Goodwill refers mainly to the benefits derived from the obtained access to customers of the American restaurant market. Because of the nature of the restaurant business, the Group does not register their customers, they are not bound by any contract and are not individually identified.

The unit, which generates cash from the acquired market, is an each individual restaurant. However, the goodwill has been allocated to all restaurants conducted by Applebee's in the United States, as it is monitored for internal management purposes on country basis rather than restaurants basis and cannot be allocated on a non-arbitrary basis to individual restaurants. The company conducted a test on goodwill at 31 December 2008. As a result of the test, no impairment was recognised.

FINANCIAL IMPACT OF THE ACQUISITION

The purchase price allocation process has been changed. As a result, the provisional fair values of acquired assets and assumed liabilities has been corrected and annual consolidated financial statements prepared as at 31 December 2008 restated in the following way:

In thousands of Polish Zloty	**31.12.2008 Before adjustments**	**Adjustments**	**31.12.2008 Restated**
Assets			
Property, plant and equipment	493 035	(12 720)	480 315
Goodwill	300 628	7 993	308 621
Other intangible assets	43 931	-	43 931
Investment in associates	37 725	-	37 725
Other non-current assets	57 359	-	57 359
Deferred tax assets	16 113	-	16 113
Total non-current assets	948 791	(4 727)	944 064
Inventories	20 878	-	20 878
Trade and other receivables	66 162	3 871	70 033
Corporate income tax receivables	1 098	-	1 098
Other current assets	12 263	-	12 263
Derivative financial instruments	9 254	-	9 254
Cash and cash equivalents	37 583	-	37 583
Total current assets	147 238	3 871	151 109
Total assets	1 096 029	(856)	1 095 173
Equity			
Share capital	545	-	545
Reserves	314 808	-	314 808
Retained earnings	(10 353)	-	(10 353)
Net profit	24 123	911	25 034
Translation reserve	24 750	-	24 750
Equity attributable to shareholders of the parent	353 873	911	354 784
Minority interest	16 812	(1 767)	15 045
Total equity	370 685	(856)	369 829
Liabilities			
Interest-bearing loans and borrowings	391 934	-	391 934
Finance lease liabilities	4 024	-	4 024
Employee benefits	1 548	-	1 548
Provisions	5 529	-	5 529
Deferred tax liability	10 589	-	10 589
Other non-current liabilities	551	-	551
Total non-current liabilities	414 175	-	414 175
Interest-bearing loans and borrowing	40 536	-	40 536
Finance lease liabilities	597	-	597
Trade and other payables	269 642	-	269 642
Income tax liabilities	394	-	394
Total current liabilities	311 169		311 169
Total liabilities	725 344		725 344
Total equity and liabilities	1 096 029	(856)	1 095 173

In thousands of Polish Zloty	**2008 Before adjustments**	**Adjustments**	**2008 Restated**
Restaurant sales	1 427 408	-	1 427 408
Restaurant expenses:			
Costs of food	(464 953)	-	(464 953)
Direct marketing costs	(61 509)	-	(61 509)
Direct depreciation and amortization expenses	(60 080)	(911)	(60 991)
Payroll and employee benefits	(324 157)	-	(324 157)
Continuing franchise fees	(87 350)	-	(87 350)
Occupancy and other operating expenses	(269 933)	-	(269 933)
Total restaurant expenses	(1 267 982)	(911)	(1 268 893)
Gross profit on sales	159 426	(911)	158 515
General and administrative expenses (G&A)	(92 516	-	(92 516)
Depreciation and amortization expenses (G&A)	(3 664)	-	(3 664)
Other operating income	18 484	-	18 484
Gain/(loss) on disposal of property, plant and equipment and intangibles	6 635	-	6 635
Impairment losses	(7 272)	-	(7 272)
Operating profit	81 093	(911)	80 182
Finance costs	3 709	-	3 709
Finance income	(22 486)	-	(22 486)
Share in post tax profits of associates	(15 081)	-	(15 081)
Impairment of shares in associates	(10 349)	-	(10 349)
Profit before tax	36 886	(911)	35 975
Income tax expense	(16 082)	-	(16 082)
Net profit	20 804	(911)	19 893
Attributable to:			
Minority interest	(3 319)		(3 319)
Equity holders of the parent	24 123	(911)	23 212
Basic earnings per share In Polish Zloty	1,7		1,7
Diluted earnings per share In Polish Zloty	1,69		1,69

Purchase price allocation process had no impact on the opening balance of 2008, therefore the opening balance of 2008 is not presented.

(All amounts in Polish Zloty unless otherwise stated)

3 Finance income

	Six months ended 30 June 2009	Six months ended 30 June 2008
Bank interest income	190	1 265
Net foreign exchange gains	3 083	4 291
Put option revaluation	12 940	-
	16 213	5 556

4 Finance costs

	Six months ended 30 June 2009	Six months ended 30 June 2008
Interest expense	(15 733)	(6 045)
Other	(1 950)	(259)
	(17 683)	(6 304)

5 Income tax

	Six months ended 30 June 2009	Six months ended 30 June 2008
Current tax	(4 600)	(8 505)
Change in deferred tax asset / liability	(1 480)	(739)
Deferred tax recognized in the income statement	(6 080)	(9 244)

(All amounts in Polish Zloty unless otherwise stated)

6 Property, plant and equipment

Movements in property, plant and equipment in 2009 and 2008 can be presented as follows:

2009	Land	Buildings and restaurant development assets	Machinery & Equipment	Vehicles	Other tangible assets	Assets under construction	Total
Acquisition cost							
As at 1/1/2009	1 049	457 267	265 699	1 335	49 471	36 057	810 878
Additions	-	26 344	19 150	37	3 221	9 698	58 450
Disposals	-	(639)	(710)	(135)	(112)	(1 133)	(2 729)
Exchange rate differences	96	9 814	12 532	39	936	898	24 315
As at 30/6/2009	1 145	492 786	296 671	1 276	53 516	45 520	890 914
Accumulated depreciation							
As at 1/1/2009	-	162 041	105 299	760	26 063	-	294 163
Additions	-	18 438	20 496	95	3 832	-	42 861
Disposals	-	(765)	(242)	(135)	(70)	-	(1 212)
Exchange rate differences	-	3 212	4 361	26	508	-	8 107
As at 30/6/2009	-	182 926	129 914	746	30 333	-	343 919
Impairment losses							
As at 1/1/2009	-	36 382	10	-	8	-	36 400
Additions	-	8 462	-	-	-	-	8 462
Disposals	-	-	-	-	-	-	-
Exchange rate differences	-	2 769	-	-	3	-	2 772
As at 30/6/2009	-	47 613	10	-	11	-	47 634
Net book value as at 1/1/2009	1 049	258 844	160 390	575	23 400	36 057	480 315
Net book value as at 30/6/2009	1 145	262 247	166 747	530	23 172	45 520	499 361

(All amounts in Polish Zloty unless otherwise stated)

2008	Land	Buildings and restaurant development assets	Machinery & Equipment	Vehicles	Other tangible assets	Assets under construction	Total
Acquisition cost							
As at 1/1/2008	919	293 982	176 781	1 100	13 680	30 631	517 093
Acquisitions	-	204	1 091	-	-	-	1 295
Additions	-	25 861	15 306	53	3 559	9 357	54 136
Disposals	-	(4 852)	(2 316)	(201)	(289)	(3 934)	(11 592)
Exchange rate differences	32	1 836	196	(1)	69	(292)	1 840
As at 30/6/2008	951	317 031	191 058	951	17 019	35 763	562 772
Accumulated depreciation							
As at 1/1/2008	-	143 795	91 421	757	5 628	-	241 601
Additions	-	8 774	11 853	76	1 996	-	22 699
Disposals	-	(6 965)	(1 916)	(95)	(208)	-	(9 184)
Exchange rate differences	-	845	1 296	5	142	-	2 288
As at 30/6/2008	-	146 449	102 654	743	7 558	-	257 404
Impairment losses							
As at 1/1/2008	-	2 622	8	-	7	192	2 829
Additions	-	788	-	-	-	-	788
Disposals	-	(220)	(4)	-	(7)	-	(231)
Exchange rate differences	-	4	1	-	-	-	5
As at 30/6/2008	-	3 194	5	-	-	192	3 391
Net book value as at 1/1/2008	919	147 565	85 352	343	8 045	30 439	272 663
Net book value as at 30/6/2008	951	167 388	88 399	208	9 461	35 571	301 978

Depreciation expense has been charged in 'restaurant expenses' – PLN 40 273 thousand (prior period: PLN 25 025 thousand) and administrative (G&A) expenses PLN 2 591 thousand (prior period: PLN 951 thousand).

(All amounts in Polish Zloty unless otherwise stated)

7 Other intangible assets

Intangible assets movements in 2009 and 2008 can be presented as follows:

2009	Trademarks	Favourable leases and licence agreements	Rights to use Pizza Hut , KFC and Burger King trademarks	Other intangible assets	Total
Acquisition cost					
As at 1/1/2009	-	11 534	38 861	28 572	78 967
Acquisitions	-	-	-	-	-
Additions	-	-	2 611	2 137	4 748
Disposals	-	-	-	-	-
Exchange rate differences	-	79	1 824	1 164	3 067
As at 30/6/2009	-	11 613	43 296	31 873	86 782
Accumulated amortisation					
As at 1/1/2009	-	7 414	20 697	6 925	35 036
Acquisitions	-	-	-	-	-
Additions	-	192	532	1 595	2 319
Disposals	-	-	-	-	-
Exchange rate differences	-	-	833	145	978
As at 30/6/2009	-	7 606	22 062	8 665	38 333
Impairment losses					
As at 1/1/2009	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange rate differences	-	-	-	-	-
As at 30/6/2009	-	-	-	-	-
Net book value as at 1/1/2009	**-**	**4 120**	**18 164**	**21 647**	**43 931**
Net book value as at 30/6/2009	**-**	**4 007**	**21 234**	**23 208**	**48 449**

(All amounts in Polish Zloty unless otherwise stated)

2008	Trademarks	Favourable leases and licence agreements	Rights to use Pizza Hut , KFC and Burger King trademarks	Other intangible assets	Total
Acquisition cost					
As at 1/1/2008	-	9 465	19 775	11 409	40 649
Additions	-	-	2 231	2 214	4 445
Disposals	-	-	(243)	(97)	(340)
Exchange rate differences	-	-	8	(23)	(15)
As at 30/6/2008	-	9 465	21 771	13 503	44 739
Accumulated amortisation					
As at 1/1/2008	-	7 103	12 153	7 368	26 624
Additions	-	130	1 034	884	2 048
Disposals	-	-	(86)	-	(86)
Exchange rate differences	-	-	114	17	131
As at 30/6/2008	-	7 233	13 215	8 269	28 717
Impairment losses					
As at 1/1/2008	-	-	70	-	70
Additions	-	-	-	-	-
Disposals	-	-	(70)	-	(70)
Exchange rate differences	-	-	-	-	-
As at 30/6/2008	-	-	-	-	-
Net book value as at 1/1/2008	-	**2 362**	**7 552**	**4 041**	**13 955**
Net book value as at 30/6/2008	-	**2 232**	**8 556**	**5 234**	**16 022**

Other intangible assets cover mainly computer software.

There are no intangible assets created internally and capitalized by the Group.

Amortisation expense has been charged in ‘restaurant expenses’ – PLN 867 thousand (prior period: PLN 1 476 thousand) and administrative (G&A) expenses – PLN 1 449 thousand (prior period: PLN 572 thousand).

8 Inventories

As at 30 June 2009 and 31 December 2008, inventories cover mainly food and packaging used in the restaurants. Inventories are presented net of inventory write-downs. Inventory write-downs as at 30 June 2009 and 31 December 2008 amounted to PLN 795 thousand. No new inventory write-downs were recorded in the income statement for the year ended 30 June 2009.

(All amounts in Polish Zloty unless otherwise stated)

9 Trade and other receivables

	As at 30 June 2009	As at 31 December 2008
Trade receivables from non-related parties	25 479	31 171
Trade receivables from related entities	965	1 150
Receivables from Michael Tseytin (acquisition of OOO AmRest Pizza Nord)	23 161	21 591
Receivables from Steve Grove (acquisition of AppleGrove Holdings LLC)	11 802	711
Other tax receivables	8 058	10 224
Other	3 799	8 754
Provisions for receivables	(3 379)	(3 568)
	69 885	70 033

10 Cash and cash equivalents

Cash and cash equivalents as at 30 June 2009 and 31 December 2008 are presented in the table below:

	As at 30 June 2009	As at 31 December 2008
Cash at bank	47 479	26 270
Cash in hand	11 974	11 314
	59 453	37 584

11 Borrowings

Borrowings as at 30 June 2009 and 31 December 2008 are presented in the table below:

Long-term	As at 30 June 2009	As at 31 December 2008
Bank loans	433 576	391 934
	433 576	391 934

Short-term	As at 30 June 2009	As at 31 December 2008
Bank loans	23 312	40 536
	23 312	40 536

(All amounts in Polish Zloty unless otherwise stated)

Bank loans		Effective interest rate	As at 30 June 2009	As at 31 December 2008
in PLN	ABN AMRO Bank	7,29%	352 620	337 195
w CZK	ABN AMRO Bank	5,25%	76 660	69 514
w RUB	Raiffeisen Bank Austria	6,10%	6 794	6 335
w USD	WCM Investors	6,68%	20 814	19 426
			456 888	**432 470**

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

On 15 December 2008, a credit agreement was signed between Amrest Holdings SE, AmRest Sp. z o.o. and American Restaurants s.r.o. ('Borrowers') and ABN AMRO Bank (Poland) S.A., ABN AMRO Bank N.V., Bank Polska Kasa Opieki S.A. and Bank Zachodni WBK S.A. Under the above-mentioned agreement the Group was granted a loan amounting to PLN 440 million. The loan should be repaid by 31 December 2010. It covers two tranches and is earmarked for repayment of liabilities resulting from the credit agreement with ABN Amro Bank N.V. dated 4 April 2005 and further financing of the development of AmRest. All the Borrowers are jointly and severally responsible for discharging the obligations resulting from the credit agreement. Additionally, two Group companies – OOO AmRest and AppleGrove Holdings, LLC – 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.

The Group is obliged to maintain specific financial ratios at a level specified in the agreement. This includes net gearing (net debt to annualized EBITDA not higher than 3.5), interest coverage ratio and balance sheet structure ratio (net asset ratio defined as consolidated net capital per the shareholders of the Parent company divided by the balance sheet total not higher than 0.3) and and interest coverage ratio (the ratio of EBIT to specified finance costs greater than 2.5). As at 30 June 2009, the above ratios were not exceeded.

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.

The maturity of long- and short-term loans as at 30 June 2009 and 31 December 2008 is presented in the table below:

	As at 30 June 2009	As at 31 December 2008
Less than 1 year	23 312	40 536
Between 1 and 2 years	410 634	372 508
Between 2 and 5 years	22 942	19 426
Over 5 years	-	-
	456 888	432 470

(All amounts in Polish Zloty unless otherwise stated)

The Group has the following undrawn borrowing facilities as at 30 June 2009 and 31 December 2008:

	As at 30 June 2009	**As at 31 December 2008**
Floating rates		
- expiring within one year	5 566	16 322
- expiring beyond one year	11 339	48 951
	16 905	65 273

Additionally, the Group has an active AmRest corporate bond plan in the total amount of PLN 300 million. As at 30 June 2009, the available limit under this plan was PLN 290 million, to 30 June 2009 AmRest bought-back PLN 10 million.

12 Trade and other payables

Trade and other accounts payables as at 30 June 2009 and 31 December 2008 are summarized in the table below:

	As at 30 June 2009	**As at 31 December 2008**
Payables to non-related parties, including:	194 521	236 944
Trade payables	81 899	97 587
Payables in respect of uninvoiced lease fees and deliveries of food	13 305	19 210
Employee payables	18 610	19 707
Social insurance payable	6 511	6 065
Other tax payable	13 955	15 349
Bond liabilities	-	9 817
Put option liabilities	28 621	33 818
Gift voucher liabilities	6 045	10 917
Liabilities In respect of acquisitions executed	11 649	11 649
Other payables to non related parties	13 926	12 824
Liabilities to related entities	411	1 271
Accruals, including:	38 792	30 465
Employee bonuses	8 019	7 206
Marketing services	1 067	2 561
Holiday pay accruals	10 380	5 277
Professional services	983	847
Franchise fees	5 265	5 082
Lease costs provisions	3 385	3 220
Onerous contracts - PEPSI	1 006	4 103
Investment provision	2 636	-
Provision for tax risk	3 478	-
Other	2 573	2 169
Deferred income – short-term portion	1 357	668

(All amounts in Polish Zloty unless otherwise stated)

Social fund	293	294
	235 374	269 642

13 Finance lease liabilities

Finance lease liabilities - the present value of liabilities:

	As at 30 June 2009	As at 31 December 2008
Payable up to 1 year	494	597
Payable from 1 year to 5 years	815	887
Payable over 5 years	3 315	3 137
	4 624	4 621

Finance lease liabilities – minimum lease payments:

	As at 30 June 2009	As at 31 December 2008
Payable up to 1 year	1 226	1 314
Payable from 1 year to 5 years	2 818	2 863
Payable over 5 years	5 828	5 908
Total minimum lease payments	9 872	10 085
Future costs of finance lease	(5 248)	(5 464)
Present value of finance lease liabilities	4 624	4 621

14 Operating lease

The Group has concluded a number of irrevocable operating lease agreements, primarily with regard to restaurants' rental. In the case of restaurants, the lease agreements shall be concluded for an average period of 10 years and are subject to the minimum period of notice for termination of the contract.

Projected minimum lease payments for operating leases with no possibility of early termination are set out below:

	As at 30 June 2009	As at 31 December 2008
Payable up to 1 year	133 990	118 096
Payable from 1 year to 5 years	682 065	582 226
Payable over 5 years	911 050	840 761
Total minimum lease payments	1 727 105	1 541 083

In the case of many restaurants (especially located in shopping malls) rental charges consist of two components: a fixed flat fee and contingent fee depending on restaurant revenues. Conditional fee is usually between 2.5% and 9% of restaurant revenues.

(All amounts in Polish Zloty unless otherwise stated)

15 Future commitments and contingent liabilities

Under the signed franchise agreements, the Group is obliged to periodically upgrade, modify, renovate or replace all or parts of its restaurants or any of their fittings, fixtures or signage or any of the equipment, systems or inventory used in restaurants 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 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. The Group estimates the cost of upgrades at 1.5 percent of annual restaurant sales in future periods.

Other future commitments resulting from the agreements with the Burger King, Starbucks and Applebee's and the current and future franchise agreements were described in Note 1 (a).

16 Investments in associates

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

	Six months ended 30 June 2009	**Twelve months ended 31 December 2008**
At the beginning of the period	37 725	2 353
Purchase of shares		60 802
Share In profits and loses associates	(2 584)	(15 081)
Impairment of the value of shares		(10 349)
Foreign Exchange differences	(34 318)	
Balance as At the end of the year	823	37 725

The Group's investments in associates and their main financial data of the entities are as follows:

Name of associate	Country of registration	Assets	Liabilities	Revenues	Profit/ (Loss)	Shares held (%)
30 June 2009						
Worldwide Communication Services LLC	USA	265	79	-	-	33,33
Global Communication Services Sp. z o.o. in liquidation	Poland	55	107	-	-	33,33
Red 8 Communications Group Sp. z o.o.	Poland	3 840	1 183	7 581	(58)	17,33
Synergy Marketing Partners s.r.o.	The Czech Republic	21	-	-	-	24,00
SCM s.r.o.	The Czech Republic	439	80	131	83	40,50

(All amounts in Polish Zloty unless otherwise stated)

Name of associate	Country of registration	Assets	Liabilities	Revenues	Profit/ (Loss)	Shares held (%)
31 December 2008						
Worldwide Communication Services LLC	USA	265	79	-	-	33,33
Global Communication Services Sp. z o.o. in liquidation	Poland	55	107	-	-	33,33
Synergy Marketing Partners Sp. z o.o	Poland	22	-	-	(37)	26,66
Red 8 Communications Group Sp. z o.o.	Poland	5 671	3 042	16 161	507	17,33
Synergy Marketing Partners s.r.o.	The Czech Republic	21	-	168	-	24,00
SCM Sp. z o.o	Poland	6 649	1 316	6 810	1 445	45,00
SCM s.r.o.	The Czech Republic	405	124	654	111	40,50
Sfinks Polska S.A.	Poland	151 148	136 145	-	(48 060)	32,99

17 Transactions with related parties

Trade and other receivables from related entities

	As at 30 June 2009	As at 31 December 2008
MPI Sp. z o.o.	965	845
ARC	-	182
Associates	-	123
	965	1 150

Trade and other payables to related entities

	As at 30 June 2009	As at 31 December 2008
ARC	-	-
MPI Sp. z o.o.	256	659
Associates	153	612
	409	1 271

(All amounts in Polish Zloty unless otherwise stated)

Sales of goods and services

	Six months ended 30 June 2009	Six months ended 30 June 2008
MPI Sp. z o.o.	55	32
ARC	-	147
Associates	-	59
	55	238

Purchase of goods for resale and services

	Six months ended 30 June 2009	Six months ended 30 June 2008
MPI Sp. z o.o.	3 076	2 454
ARC	-	2 214
American Retail Systems Sp. z o.o.	-	-
Associates	1 939	529
	5 015	5 197

On 24 March 2009 AmRest finalized the conditional agreement on sale of all shares of Sfinks Polska SA (‘Sfinks’) for the amount of PLN 30 465 thousand. In 2009 a loss of PLN 2 608 thousand has been recognized with regard to this transaction.

18 The risks connected with credit crunch

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

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

Debtors of the Company may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for customers may also have an impact on management's cash flow forecasts and our assessment of the impairment of non-financial assets. To the extent that information is available management have properly reflected revised estimates of expected future cash flows in their impairment assessments.

19 Subsequent events

On 20-24 July 2009 a subsidiary SCM Sp. z o.o. sold 19 689 shares of AmRest at the average price of PLN 54.08. According to Art. 363 Sec.4 of Code of Commercial Companies SCM was obliged to sell the shares in a restricted period of time. After the transaction SCM has no more shares of AmRest.

On 08 July 2009 AmRest was informed by Grove Ownership Holding LLC about its willingness to sell put option of the remaining 20% share in AppleGrove Holdings LLC. Settlement of transactions will take place by the end of the third quarter.

On 31 August 2009 AmRest Holdings SE signed an agreement with Michael Tseytin connected with the due payment resulting from the settlement of the purchase price of shares in OOO Pizza Nord (currently OOO AmRest). Under this agreement AmRest grants a loan amounting to US $ 9 million, the maturity date is 30 August 2010.The security on the loan is a lien on all the shares, which were a form of payment for the shares of OOO Pizza Nord (currently OOO AmRest). In addition, the purchase option of one of the key locations RostiksKFC in St. Petersburg was cancelled as part of the settlement.