AmRest Holdings N.V.

Condensed Consolidated Financial Statements

as at and for the quarter ended March 31st 2008

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Consolidated income statement
For the quarter ended 31 March

in thousands of Polish złoty	**3 months ended March 31 2008**	**3 months ended March 31 2007**
Restaurant sales	243 023	177 596
Restaurant expenses:		
Cost of food	(82 153)	(58 963)
Direct marketing expenses	(7 752)	(7 661)
Direct depreciation and amortization expenses	(13 274)	(10 136)
Payroll and employee benefits	(47 999)	(34 894)
Continuing franchise fees	(14 297)	(10 472)
Occupancy and other operating expenses	(42 640)	(29 199)
Total restaurant expenses	(208 115)	(151 325)
Gross profit on sales	34 908	26 271
General and administrative (G&A) expenses	(17 268)	(10 456)
Depreciation and amortization expense (G&A)	(930)	(576)
Other operating income/(expense), net	1 896	1 762
Gain/(loss) on the disposal of fixed assets	(96)	-
Impairment gain/(losses)	-	(18)
Profit from operations	18 510	16 983
Finance income	2 096	255
Finance costs	(3 084)	(1 134)
Share of profit of associates	271	258
Net profit before tax	17 793	16 362
Income tax expense	(4 662)	(3 075)
Net profit	13 131	13 287
Attributable to:		
Minority interests	(513)	6
Shareholders of the parent	13 644	13 281
Net profit for the period	13 131	13 287
Basic earnings per share in Polish złoty	0,96	0,98
Diluted earnings per share in Polish złoty	0,96	0,98

Consolidated balance sheet
As of 31 March 2008 and 31 December 2007

in thousands of Polish złoty	**2008**	**2007**
Assets		
Property, plant and equipment, net	271 033	263 487
Intangible assets	15 523	13 955
Goodwill	149 417	155 353
Investments in associates	2 625	2 353
Long-term receivables	-	-
Other non-current assets	46 877	47 952
Deferred tax assets	10 515	12 279
Total non-current assets	495 990	495 379
Inventories	9 876	11 594
Trade and other receivables	18 566	16 733
Income tax receivable	92	403
Other current assets	10 461	11 621
Available-for sale financial assets	8 656	-
Cash and cash equivalents	68 827	46 873
Assets held for sale	-	-
Total current assets	116 478	87 224
Total assets	612 468	582 603
Equity		
Issued capital	544	544
Share premium	320 967	320 532
Retained deficit	(10 515)	(58 917)
Current year net profit	13 644	48 402
Cumulative translation adjustment	(33 763)	(23 454)
Equity attributable to shareholders of the parent	290 877	287 107
Minority interests	4 523	4 316
Total equity	295 400	291 423
Liabilities		
Interest-bearing loans and borrowings	188 925	124 146
Finance lease liabilities	4 141	4 160
Employee benefits	1 227	1 221
Provisions	2 182	2 820
Deferred tax liabilities	912	2 216
Other non-current liabilities	697	1 275
Total non-current liabilities	198 084	135 838
Interest-bearing loans and borrowings	28 024	38 552
Finance lease liabilities	894	1 442
Trade and other accounts payable	87 645	111 550
Income tax payable	2 421	3 798
Total current liabilities	118 984	155 342
Total liabilities	317 068	291 180
Total equity, minority interests and liabilities	612 468	582 603

Consolidated statement of cash flows
For the 3 months ended 31 March

in thousands of Polish złoty	**2008**	**2007**
Cash flows from operating activities		
Profit before tax	17 793	16 362
Adjustments for:		
Share of profit of associates	(271)	(258)
Amortization	1 229	1 396
Depreciation	12 975	9 316
Interest expense, net	2 169	517
Unrealized foreign exchange (gain)/loss	(1 531)	210
(Gain)/loss on disposal of fixed assets	96	-
Impairment losses	-	-
Equity–settled share based payments expenses	435	207
Working capital changes:		
(Increase)/decrease in receivables	(449)	(146)
(Increase)/decrease in inventories	1 718	(25)
(Increase)/decrease in other assets	3 561	(668)
Increase/(decrease) in payables and other liabilities	(24 320)	(8 845)
Increase/(decrease) in other provisions and employee benefits	(632)	(1 858)
Income taxes paid	(2 834)	(1 309)
Interest paid	(2 169)	(517)
Other	(397)	(168)
Net cash provided by operating activities	7 373	14 214
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-	(1 951)
Proceeds from the sale of property, plant and equipment and intangible assets	332	-
Proceeds from sale of assets held for sale	-	-
Proceeds from sale of held-to-maturity financial assets	-	-
Acquisition of property, plant and equipment	(25 900)	(17 799)
Acquisition of intangible assets	(3 384)	(364)
Acquisition of available-for sale financial assets	(8 700)	-
Acquisition of investment in related parties		
Net cash used in investing activities	(37 652)	(20 114)
		-
Cash flows from financing activities		
Proceeds from borrowings	57 000	-
Proceeds from issuance of shares	-	-
Repayment of borrowings	(5 028)	-
Repayment of finance lease	(567)	(46)
Net cash provided by/(used in) financing activities	51 405	(46)
Net change in cash and cash equivalents	21 126	(5 946)
Cash and cash equivalents, beginning of period	46 873	25 241
Effect of foreign exchange rate movements	828	46
Cash and cash equivalents, end of period	**68 827**	**19 341**

Consolidated statement of changes in equity
for the 3 months ended 31 March 2008 and 2007

in thousands of Polish zloty	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 01.01.2007	**519**	210 302	2 644	6 191	**219 137**	**(58 917)**	**(4 943)**	**155 796**	**79**	**155 875**
Employees share option scheme – value of employee services	**-**	-	207	-	**207**	**-**	**-**	**207**	**-**	**207**
Currency translation differences	**-**	-	-	-	**-**	**-**	**(280)**	**(280)**	**-**	**(280)**
Profit for the period	**-**	-	-	-	**-**	**13 281**	**-**	**13 281**	**6**	**13 287**
As at 31.03.2007	**519**	210 302	2 851	6 191	**219 344**	**(45 636)**	**(5 223)**	**169 004**	**85**	**169 089**
As at 01.01.2008	**544**	310 264	4 077	6 191	**320 532**	**(10 515)**	**(23 454)**	**287 107**	**4 316**	**291 423**
Employees share option scheme – value of employee services	**-**	-	435	-	**435**	**-**	**-**	**435**	**-**	**435**
Currency translation differences	**-**	-	-	-	**-**	**-**	**(10 309)**	**(10 309)**	**-**	**(10 309)**
Issue of shares	**-**	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the period	**-**	-	-	-	**-**	**13 644**	**-**	**13 644**	**207**	**13 851**
As at 31.03.2008	**544**	310 264	4 512	6 191	**320 967**	**3 129**	**(33 763)**	**290 877**	**4 523**	**295 400**

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 Prins Bernhardplein 200, 1097 JB 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, Hungary, Russia, Serbia and Bulgaria, is to operate, basing on franchise agreements, Kentucky Fried Chicken („KFC"), Pizza Hut, Burger King and Starbucks restaurants and additionally its own proprietary restaurants "Rodeo Drive" and "freshpoint".
The Group's operations are not significantly seasonal what makes financial results for consecutive periods able to compare.

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 was 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 and a related party. Moreover, IRI also sold part of its shares as a result of the Company's IPO on the stock exchange.

On the 27 July 2007 International Restaurants Investments, LLC („IRI") cut down its share in the Company's initial capital to the level of 8,46%.

As at 31 March 2008 the Company's largest shareholder with a 14,62% voting rights and ownership interest was BZ WBK AIB AM.

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.

Burger King restaurants are operated under franchise agreements with Burger King Europe GmbH located in Zug, Switzerland which are to be signed for each particular restaurant separately once it opens. Each franchise agreement has a term of ten years, with an option of renewal by the Group for further ten years, subject to certain conditions being met as described in the agreements. The Group agrees to open and operate Burger King restaurants in strict accordance with the development schedule which includes the minimal numbers of openings in each development year as defined in the development agreement.

On 25 May 2007, the Group concluded agreements with Starbucks Coffee International, Inc. ("Starbucks"), concerning the cooperation on the development and operation of Starbucks stores in Poland, the Czech Republic and Hungary ("the agreements"). The agreements have a term ending on May 31, 2022, with an option to extend for an additional 5 years upon the fulfillment of certain conditions.
The parties established three separate companies, one for each of the 3 countries Poland, Czech Republic and Hungary. The above companies are the only entities with the right to develop and operate Starbucks stores in Poland, Czech Republic and Hungary during the term of the agreements with non-exclusive rights to certain institutional locations.
The Group contribute ultimately 82% and Starbucks 18% of the capital to all the companies. In the third and fourth year after the formation of all three companies Starbucks shall have the right and option to increase its participation by acquiring additional shares (up to 50%) in case of the Group's failure in opening and operating a minimum number of Starbucks stores in Poland, Czech Republic and Hungary. In the fifth and ninth year Starbucks will have an unconditional option to increase its stake up to 50%. In case of a conflicting acquisition or a change of control of the Group, Starbucks will have the right to increase its participation in companies up to 100% by acquiring shares from the Group at the price agreed between the parties based on a valuation of the all three companies.

The Group agrees to open and operate Starbucks stores in strict accordance with the development schedule which includes the minimum numbers of openings in each year within the agreements' period. If Group fails to meet the development obligations Starbucks will have the right to charge a development default fee or to terminate the agreements. The agreements include the provision concerning the purchase of coffee and other basic supplies either from Starbucks or other approved or designated suppliers.

As at March 31st 2008, 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	Restaurant activity in Poland	AmRest Holdings N.V.	100.00 %	December 2000
American Restaurants s.r.o.	Prague, Czech Republic	Restaurant activity in the Czech Republic	AmRest Holdings N.V.	100.00 %	December 2000
International Fast Food Polska Sp. z o.o. in liquidation	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	Restaurant activity in Hungary	American Restaurants Sp. z o.o.	100.00%	June 2006
Grifex I Sp. z o.o. * in liquidation	Wrocław, Poland	No operations conducted currently	American Restaurants Sp. z o.o.	48.00 %	September 2003
Galeria Arka Sp. z o.o.	Warsaw, Poland	Restaurant activity in Poland	American Restaurants Sp. z o.o.	100.00 %	March 2005
Amrest Ukraina t.o.w.	Kiev, Ukraine	Established to develop and operate 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 opened	American Restaurants Sp. z o.o.	100.00 %	October 2006
AmRest Coffee Sp. z o.o	Wrocław, Poland	Operation of coffee stores in Poland	American Restaurants Sp. z o.o. Starbuks Coffee International, Inc	82.00 % 18.00%	March 2007
Bécsi út.13 Kft	Budapest, Hungary	Owner of building ,where the office surface is placed	American Restaurants Kft	100.00 %	April 2007
American Restaurants EOOD	Sofia, Bulgaria	Restaurant activity in Bulgaria	American Restaurants Sp. z o.o.	100.00 %	April 2007
AmRest Coffee s.r.o.	Wrocław, Poland	Operation of coffee stores in Czech Republic	American Restaurants Sp. z o.o. Starbuks Coffee International, Inc	82.00 % 18.00%	August 2007
AmRest Acquisition Subsidiary Inc.	Wilmington, USA	Holding activity	AmRest Holding N.V.	100.00 %	May 2007

OOO AmRest	Petersburg, Russia	Restaurant activity in Russia	AmRest Acquisition Subsidiary Inc.	100.00 %	July 2007
OOO KFC Nord	Moscow, Russia	No operations conducted currently	OOO AmRest	100.00 %	July 2007
OOO KFC South	Moscow, Russia	No operations conducted currently	OOO AmRest	100.00 %	July 2007
OOO Sistema Bistrogo Pitania	Moscow, Russia	No operations conducted currently	OOO AmRest	100.00 %	July 2007
AmRest Kávézó Kft	Budapest, Hungary	Operation of coffee stores in Hungary	American Restaurants Sp. z o.o. Starbucks Coffee International, Inc	82.00 % 18.00 %	August 2007
AmRest D.O.O.	Belgrad, Serbia	Restaurant activity in Serbia	American Restaurants Sp. z o.o. ProFood Invest GmbH	60.00 % 40 00%	October 2007

* Despite the fact that the Group holds a 48% of voting rights and ownership interest it consolidates the Company as a subsidiary, since on the basis of agreements with the main shareholder, it has the right to control the Company's operating and financial activities.

As at March 31st 2008, 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
Synergy Marketing Partners Sp. z o.o. in liquidation	Warsaw, Poland	No operations conducted currently	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. in liquidation	Prague, Czech Republic	No operations conducted currently	Synergy Marketing Partners Sp. z o.o.	24.00%	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
SCM s.r.o.	Prague, Czech Republic	Delivery services for restaurants operated by the Group	SCM Sp.z o.o.	40.50%	March 2007

* The Group holds a 17,33% of voting rights and ownership interest in Red 8 Communications Group Sp. z o.o. The Group has the right to influence the company's operations siginificantly, as it is a subsidiary of an associated entity - Worldwide Communication Services LLC, which holds 52% of voting rights.

The Group's corporate offices are located in Wrocław, Poland. As of 31 March 2008 the restaurants operated by the Group are located throughout Poland, the Czech Republic, Hungary, Russia, Bulgaria and Serbia.

(b) Statement on the Accounts' Compliance with International Financial Reporting Standards

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 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 three principal geographical areas: Poland, Czech Republic and Russia.

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 31 March 2008 and comparable period ended 31 March 2007 is as follows:

	Poland	*Czech*	*Russia*	*Unalloca-ted*	*Total*
3 months ended 31 March 2008					
Revenue from external customers	153 807	48 453	28 564	12 199	243 023
Inter-segment revenue	-	-	-	-	-
Operating profit/segment result	15 650	2 420	2 735	(2 295)	18 510
Finance income					2 096
Finance costs					(3 084)
Share of profit of associates					271
Income tax					(4 662)
Profit for the period					13 644
Segment assets	225 827	116 353	71 411	-	413 591
Investments in associates	2 625	-	-	-	2 625
Unallocated corporate assets				196 252	196 252
Consolidated total assets					612 468
Segment liabilities	56 019	18 879	10 180		85 078
Unallocated corporate liabilities				231 990	231 990
Consolidated total liabilities					317 068
Depreciation	7 664	3 054	1 5656	692	12 975
Amortization	726	267	152	84	1 229
Capital investments	10 123	6 878	3 022	5 948	25 971
Impairment of fixed assets	-	-	-	-	-

	Poland	*Czech*	*Russia*	*Unalloca-ted*	*Total*
3 months ended 31 March 2007					
Revenue from external customers	120 540	45 754	-	11 302	177 596
Inter-segment revenue	-	-	-	-	-
Operating profit/segment result	11 967	5 472	-	(456)	16 983
Finance income					255
Finance costs					(1 134)
Share of profit of associates	258	-	-	-	258
Income tax					(3 075)
Profit for the period					13 281
Segment assets	204 313	92 388	-	-	296 701
Investments in associates	1479	-	-	-	1 479
Unallocated corporate assets	-	-	-	26 730	26 730
Consolidated total assets					324 910
Segment liabilities	45 792	92 72	-	-	138 164
Unallocated corporate liabilities	-	-	-	15 671	15 671
Consolidated total liabilities					153 835
Depreciation	6 515	2 445	-	356	9 316
Amortization	1 123	253	-	20	1 396
Capital investments	10 414	4 404	-	4 035	18 853
Impairment of fixed assets	-	-	-	18	18

The unallocated column relates to corporate assets, liabilities (mainly borrowings) and transactions of AmRest Holdings N.V, and subsidiaries located in Hungary, Bulgaria, Ukraine and Serbia.

(i) Events Subsequent to the Balance-Sheet Date

No other 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

Pursuant to the information available to the Company, as at the date of release of this quarterly report, that is May 15th 2008, the following shareholders submitted information on holding directly or indirectly (through subsidiaries) 5% or more of the total vote at the General Shareholders Meeting of AmRest Holdings N.V. ("AmRest")

Name of the shareholder	Number of shares	Share in equity %	Number of votes	Share in total number of votes %
BZ WBK AIB AM *	2 071 198	14,62%	2 071 198	14,62%
ING Nationale – Nederlanden Polska OFE	1 420 392	10,02%	1 420 392	10,02%
BZ WBK AIB TFI	1 201 827	8,48%	1 201 827	8,48%
IRI LLC **	1 199 420	8,46%	1 199 420	8,46%
Michael Tseytin	720 016	5,08%	720 016	5,08%
Pioneer Pekao IM ***	711 921	5,02%	711 921	5,02%
Pioneer Pekao TFI	710 058	5,01%	710 058	5,01%

* BZ WBK AIB AM manages assets including the funds belonging to BZ WBK AIB TFI

** IRI LLC is a wholly-owned subsidiary of ARC.

*** Pioneer Pekao IM manages assets including the funds belonging to Pioneer Pekao TFI

After the date of release of the previous quarterly report (published on 29 February 2008) the Company became aware of the following changes in the structure of significant shareholdings in AmRest:

As a result of a purchase of sheres finalized on 3rd April 2008, ING Nationale - Nederlanden Polska Otwarty Fundusz Emerytalny („ING NN Polska OFE") became holders of a total of 1,420,392 shares in AmRest, constituting 10.02% of the Company's share capital and giving the right to 1,420,392 votes, i.e. 10.02% of the total number of votes at the Shareholding's Meeting of Company. Before the change, ING NN Polska OFE held 1,405,329 shares, which constituted 9,92% of the Company's share capital and gave the right to 1,405,329 votes, i.e. 9,92% of the total number of votes at the Shareholding's Meeting of the Company.
At the same time, ING NN Polska OFE informed that "(…) Within the next 12 months, the number of shares held by ING NN Polska OFE might increase or decrease depending on the market situation and the Company's performance. The shares of the Company are purchased for the purpose of investing cash as part of the investing activities of ING NN Polska OFE."

(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).

As noted in Section (a) above, restaurants are operated in accordance with franchise agreements with YUM! and subsidiaries of YUM!. The franchise agreements typically require that the Group pay an initial, non-refundable fee upon the opening of each new restaurant, pay continuing fees of 6% percent of revenues and commit 5% percent of revenue to advertising as specified in the relevant agreement. In addition, at the conclusion of the initial term of the franchise agreement, the Group may renew the franchise agreement, subject to a renewal fee.

The initial, non-refundable fees constitute in substance rights to use Pizza Hut and KFC trademarks and are included in 'intangible assets' and amortized over the period of the agreement (usually ten years). Continuing fees are expensed as incurred. Renewal fees are amortized over the renewal period when a renewal agreement becomes effective.

The initial fees paid are approximately 41.9 TUSD 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 period commencing from the date the franchised restaurant opens for business. The Franchisee has the right to renew the term of the agreement for immediate subsequent second term of 10 years upon the fulfillment of certain pre-conditions.
- Franchisee must pay monthly continuing fees to the franchisor equal to 5% of the Gross Sales of the Burger King restaurant operated by Franchisee.
- Franchisee must pay monthly continuing advertising and sales promotion fees equal to 5% of the Gross Sales of the Burger King restaurant operated by franchisee.

The key fees and costs to be borne by the Group relating to agreements with Starbucks Section (a) will be as follows:

- The development and service fees for initial operation support equal to an amount USD 950 TUSD.
- The initial franchise fee of 25 TUSD for each Starbucks store.
- The continuing licensing and service fee equal to 6% of sales revenues of each Starbucks store.
- A local marketing spend obligation is to be mutually agreed annually.

l) Earnings per Ordinary Share

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

	3 months ended March 31 2008	3 months ended March 31 2007
Net profit attributable to shareholders of the parent (PLN ‘000)	13 644	13 281
Ordinary shares as at January 1st/April 1st	14 170 606	13 500 000
Effect of shares issued	-	-
Effect of stock options granted in 2005	61 193	36 130
Effect of stock options granted in 2006	39 369	-
Weighted average number of ordinary shares	14 271 168	13 536 130
Basic earnings per share (PLN	0,96	0,98
Diluted earnings per share (PLN)	0,96	0,98