AmRest Holdings N.V.

Condensed Consolidated Financial Statements

as at and for the quarter ended September 30th 2007

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Consolidated income statement
For the quarter ended 30 September

in thousands of Polish złoty	**9 months ended September 30 2007**	**3 months ended September 30 2007**	**9 months ended September 30 2006**	**3 months ended September 30 2006**
Restaurant sales	601 729	237 069	447 334	167 325
Restaurant expenses:				
Cost of food	(199 287)	(77 963)	(150 758)	(56 288)
Direct marketing expenses	(24 830)	(9 168)	(23 032)	(8 621)
Direct depreciation and amortization expenses	(34 617)	(13 501)	(27 851)	(9 403)
Payroll and employee benefits	(116 451)	(45 727)	(85 512)	(32 297)
Continuing franchise fees	(35 450)	(13 987)	(26 549)	(9 947)
Occupancy and other operating expenses	(103 761)	(42 134)	(75 399)	(26 525)
Total restaurant expenses	(514 396)	(202 480)	(389 101)	(143 081)
Gross profit on sales	87 333	34 589	58 233	24 244
General and administrative (G&A) expenses	(35 528)	(13 476)	(27 377)	(10 186)
Depreciation and amortization expense (G&A)	(2 006)	(824)	(1 970)	(966)
Other operating income/(expense), net	4 898	1 447	2 625	899
Gain/(loss) on the disposal of fixed assets	(192)	290	1 886	(236)
Impairment gain/(losses)	(249)	-	(2 403)	(999)
Profit from operations	54 256	22 026	30 994	12 756
Finance income	689	368	5 743	(2)
Finance costs	(4 861)	(2 551)	(3 257)	(836)
Share of profit of associates	706	224	530	184
Net profit before tax	50 790	20 067	34 010	12 102
Income tax expense	(9 702)	(4 338)	(5 564)	(2 607)
Net profit	41 088	15 729	28 446	9 495
Attributable to:				
Minority interests	509	(21)	5	(37)
Shareholders of the parent	40 579	15 750	28 441	9 532
Net profit for the period	41 088	15 729	28 446	9 495
Basic earnings per share in Polish złoty	2,96	1,11	2,11	0,70
Diluted earnings per share in Polish złoty	2,94	1,11	2,11	0,70

Consolidated balance sheet
As of 30 September 2007 and 31 December 2006

in thousands of Polish złoty	2007	2006
Assets		
Property, plant and equipment, net	275 861	191 705
Intangible assets	13 726	12 829
Goodwill	171 353	23 516
Investments in associates	1 926	1 221
Other non-current assets	20 166	17 726
Deferred tax assets	10 080	9 336
Total non-current assets	493 112	256 333
Inventories	9 298	8 134
Trade and other receivables	11 476	11 460
Income tax receivable		-
Other current assets	9 119	5 976
Held-to-maturity investments	-	9 984
Cash and cash equivalents	54 900	25 241
Assets held for sale	-	3 861
Total current assets	84 793	64 656
Total assets	577 905	320 989
Equity		
Issued capital	544	519
Share premium	319 959	219 137
Retained deficit	(56 931)	(95 514)
Current year net profit	40 579	38 583
Cumulative translation adjustment	(5 527)	(4 940)
Equity attributable to shareholders of the parent	298 624	157 785
Minority interests	3 996	79
Total equity	302 620	157 864
Liabilities		
Interest-bearing loans and borrowings	154 470	72 140
Finance lease liabilities	5 016	3 326
Employee benefits	1 154	913
Provisions	2 791	5 565
Deferred tax liabilities	7 139	760
Other non-current liabilities	1 406	1 721
Total non-current liabilities	171 976	84 425
Interest-bearing loans and borrowings	12 666	918
Finance lease liabilities	2 579	68
Trade and other accounts payable	85 889	75 448
Income tax payable	2 175	2 266
Total current liabilities	103 309	78 700
Total liabilities	275 285	163 125
Total equity, minority interests and liabilities	577 905	320 989

Consolidated statement of cash flows
For the 9 months ended 30 September

in thousands of Polish złoty	**2007**	**2006**
Cash flows from operating activities		
Profit before tax	50 790	34 010
Adjustments for:		
Share of profit of associates	(705)	(530)
Amortization	5 030	4 486
Depreciation	31 593	25 335
Interest expense, net	3 727	2 940
Unrealized foreign exchange (gain)/loss	(13)	(2 104)
(Gain)/loss on disposal of fixed assets	192	(1 886)
Impairment losses	235	2 403
Equity–settled share based payments expenses	860	194
Waiver of loans	-	(3 396)
Working capital changes:		
(Increase)/decrease in receivables	1 218	8 450
(Increase)/decrease in inventories	431	(478)
(Increase)/decrease in other assets	(2 278)	(999)
Increase/(decrease) in payables and other liabilities	3 986	1 997
Increase/(decrease) in other provisions and employee benefits	(3 951)	(2 087)
Income taxes paid	(10 167)	(3 837)
Interest paid	(3 727)	(2 305)
Other	(1 892)	3 496
Net cash provided by operating activities	75 329	65 689
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(72 211)	(20 235)
Proceeds from the sale of property, plant and equipment and intangible assets	10 930	793
Proceeds from sale of held-to-maturity financial assets	9 984	-
Acquisition of property, plant and equipment	(63 370)	(34 095)
Acquisition of intangible assets	(5 071)	(967)
Acquisition of investment in related parties	-	(10)
Net cash used in investing activities	(119 738)	(54 514)
Cash flows from financing activities		
Proceeds from borrowings	77 000	7 948
Acquisition of held-to-maturity investments	-	-
Proceeds from issuance of shares	-	-
Repayment of borrowings	(918)	(26 706)
Repayment of finance lease	(1 804)	(161)
Net cash provided by/(used in) financing activities	74 278	(18 919)
Net change in cash and cash equivalents	29 869	(7 744)
Cash and cash equivalents, beginning of period	25 241	31 575
Effect of foreign exchange rate movements	(210)	(325)
Cash and cash equivalents, end of period	**54 900**	**23 506**

Consolidated statement of changes in equity
for the 9 months ended 30 September 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 01.01.2006	**519**	210 302	2 147	6 191	**218 640**	**(95 514)**	**(574)**	**123 071**	**20**	**123 091**
Employees share option scheme – value of employee services	**-**	-	194	-	**194**	**-**	**-**	**194**	**-**	**194**
Currency translation differences	**-**	-	-	-	**-**	**-**	**(2 762)**	**(2 762)**	**-**	**(2 762)**
Profit for the period	**-**	-	-	-	**-**	**28 441**	**-**	**28 441**	**5**	**28 446**
As at 30.09.2006	**519**	210 302	2 341	6 191	**218 834**	**(67 073)**	**(3 336)**	**148 944**	**25**	**148 969**
As at 01.01.2007	**519**	210 302	2 644	6 191	**219 137**	**(56 931)**	**(4 940)**	**157 785**	**79**	**157 864**
Employees share option scheme – value of employee services	**-**	-	860	-	**860**	**-**	**-**	**860**	**-**	**860**
Currency translation differences	**-**	-	-	-	**-**	**-**	**(587)**	**(587)**	**-**	**(587)**
Issue of shares	**25**	99 962			**99 962**			**99 987**		**99 987**
Profit for the period	**-**	-	-	-	**-**	**40 579**	**-**	**40 579**	**3 917**	**44 496**
As at 30.09.2007	**544**	310 264	3 504	6 191	**319 959**	**(16 352)**	**(5 527)**	**298 624**	**3 996**	**302 620**

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 30 September 2007 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.

On 8 March 2007, the Company concluded the development agreement with Burger King Europe GmbH (“BKE”), concerning the opening and operation of the Burger King restaurants in Poland. 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 resolved to establish three separate companies, one for each of the 3 countries Poland, Czech Republic and Hungary. On 27th of March 2007 a new entity for the Polish region – AmRest Coffee Sp. z o.o. was set up (see Note 3), remaining two companies are currently in the process of organization. The above companies will be 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 will 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.

AmRest Holdings N.V.

As at September 30th 2007, 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.	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
Fried Chicken s.r.o. *	Prague, Czech Republic	Liquidation of the company	Pizza Hut s.r.o.	100.00%	May 2005
Grifex I Sp. z o.o. **	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 Pizza Nord	Petersburg, Russia	Restaurant activity in Russia	AmRest Acquisition Subsidiary Inc.	100.00 %	July 2007
OOO KFC Nord	Moscow, Russia	No operations conducted currently	OOO Pizza Nord	100.00 %	July 2007
OOO KFC South	Moscow, Russia	No operations conducted currently	OOO Pizza Nord	100.00 %	July 2007
OOO Sistema Bistrogo Pitania	Moscow, Russia	No operations conducted currently	OOO Pizza Nord	100.00 %	July 2007

* On the 30 of September the Group finished liquidation of Fried Chicken s.r.o. company and withdraw from the business register.

** 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 September 30th 2007, the Group included the following affiliates, consolidated with the equity method:

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

* On the 28 of August the Group finished liquidation of Global Communication Services Sp. z o.o and put application to the Register Court to withdraw the company from the business register.

** 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 30September 2007 the restaurants operated by the Group are located throughout Poland, the Czech Republic, Hungary and Russia.

(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 30 September 2007 and comparable period ended 30 September 2006 (for profit and loss account items) and 31 December 2006 (for balance sheet items) is as follows:

	Poland	*Czech*	*Russia*	*Unalloca_ ted*	*Total*
9 months ended 30 September 2007					
Revenue from external customers	397 650	141 037	28 461	34 581	601 729
Inter-segment revenue	-	-	-	-	-
Operating profit/segment result	36 422	17 643	1 827	(1 636)	54 256
Finance income					689
Finance costs					(4 861)
Share of profit of associates	706	-	-	-	706
Income tax					(9 702)
Profit for the period					40 579
Segment assets	251 254	116 902	65 300	-	433 456
Investments in associates	1 926	-	-	-	1 926
Unallocated corporate assets	-	-	-	142 523	142 523
Consolidated total assets					577 905
Segment liabilities	43 080	19 281	6 092	-	68 453
Unallocated corporate liabilities				206 832	206 832
Consolidated total liabilities					275 285
Depreciation	20 990	7 653	1 590	1 360	31 593
Amortization	4 038	462	145	385	5 030
Capital investments	37 865	10 203	59 355	173 337	280 760
Impairment of fixed assets	14	-	-	235	249
3 months ended 30 September 2007					
Revenue from external customers	147 629	49 122	28 461	11 857	237 069
Inter-segment revenue	-	-	-	-	-
Operating profit/segment result	13 644	7 339	1 827	(784)	22 026
Finance income					368
Finance costs					(2 551)
Share of profit of associates	224	-	-	-	224
Income tax					(4 338)
Profit for the period					15 750
Segment assets	251 254	116 902	65 300	-	433 456
Investments in associates	1 926	-	-	-	1 926
Unallocated corporate assets	-	-	-	142 523	142 523
Consolidated total assets					577 905
Segment liabilities	43 080	19 281	6 092	-	68 453
Unallocated corporate liabilities				206 832	206 832
Consolidated total liabilities					275 285
Depreciation	7 562	2 755	1 590	552	12 459
Amortization	1 463	134	145	124	1 866
Capital investments	10 794	3 669	59 355	157 790	231 608
Impairment of fixed assets	-	-	-	-	-

	Poland	*Czech*	*Russia*	*Unalloca-ted*	*Total*
9 months ended 30 September 2006					
Revenue from external customers	314 680	122 721	-	9 933	447 334
Inter-segment revenue	-	-	-	-	-
Operating profit/segment result	25 013	7 706	-	(1 725)	30 994
Finance income					5 743
Finance costs					(3 257)
Share of profit of associates	530	-	-	-	530
Income tax					(5 564)
Profit for the period					28 441
Segment assets	208 200	90 921	-	-	299 121
Investments in associates	1 221	-	-	-	1 221
Unallocated corporate assets	-	-	-	20 647	20 647
Consolidated total assets					320 989
Segment liabilities	55 639	20 263	-	-	75 902
Unallocated corporate liabilities	-	-	-	87 223	87 223
Consolidated total liabilities					163 125
Depreciation	16 998	8 023	-	314	25 335
Amortization	3 973	513	-	-	4 486
Capital investments	22 712	10 623	-	26 684	60 019
Impairment of fixed assets	1 609	794	-	-	2 403
3 months ended 30 September 2006					
Revenue from external customers	114 150	43 242	-	9 933	167 325
Inter-segment revenue	-	-	-	-	-
Operating profit/segment result	11 035	2 186	-	(465)	12 756
Finance income					(2)
Finance costs					(836)
Share of profit of associates	184	-	-	-	184
Income tax					(2 607)
Profit for the period					9 532
Segment assets	208 200	90 921	-	-	299 121
Investments in associates	1 221	-	-	-	1 221
Unallocated corporate assets	-	-	-	20 647	20 647
Consolidated total assets					320 989
Segment liabilities	55 639	20 263	-	-	75 902
Unallocated corporate liabilities	-	-	-	87 223	87 223
Consolidated total liabilities					163 125
Depreciation	5 752	2 632	-	314	8 698
Amortization	1 485	186	-	-	1 671
Capital investments	8 347	4 612	-	1 727	14 686
Impairment of fixed assets	698	301	-	-	999

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

(i) Events Subsequent to the Balance-Sheet Date

- On the 12 October 2007 OOO Pizza Nord ("Buyer") and OOO Tetra ("Seller"), seated in Moscow, signed the preliminary agreement for the transfer of property and rights regarding 9 Rostik's–KFC restaurants operated by the Seller in Russia ("Preliminary Transfer Agreement") – RB 62/2007 dated 12 October 2007. Pizza Nord is 100% subsidiary of AmRest. The property and rights regarding Rostik's–KFC restaurants include the restaurants' equipment and agreements necessary to operate these restaurants (rent agreements, franchise agreements, agreements regarding electricity and other media delivery, liquor licenses etc.).

  The parties agreed that the Preliminary Transfer Agreement will be finalized upon condition of successfully completion of due diligence process which will be finalized within 60 days from the date of signing this agreement. The additional condition is the approval of Pizza Nord general meeting of shareholders which will follow within 30 days from the date of completion of the due diligence. The total transaction price ("Transfer Price") will be ultimately determined following the completion of this process and will not exceed USD 12 million.

- On the 12 October 2007 American Restaurants Sp. z o.o. ("AmRest Poland") and ProFood Invest GmbH ("ProFood") signed the foundation agreement of AmRest D.O.O. ("AmRest Serbia"), seated in Belgrade, Serbia – RB 65/2007 dated 18 October.

  AmRest Poland contributed 60% of share capital of the new company while ProFood 40% of share capital. The total share capital of AmRest Serbia amounted to EUR 350 thousand.

  AmRest Serbia has been established based on Joint Venture Agreement between AmRest Poland and ProFood (RB 53/2007 dated 10 September 2007). The goal of the new company is the development and operation of quick service and casual dining restaurants in Serbia. The JVC shall open first KFC restaurant in Belgrade still in 2007.

- On the 15 October 2007 AmRest ("Buyer") and Andrei Kononchuck and Vitaly Naumenko (jointly: "Sellers") signed the binding Memorandum of Understanding ("MOU") regarding the transaction of Buyer's purchase of 30% equity interest in a new holding company ("HoldCo") incorporated in Cyprus – RB 64/2007 dated 15 October 2007. By the time of finalization of the transaction HoldCo will be the owner of Kroshka-Kartoshka quick service restaurants operating in Russia and Ukraine. It is anticipated that the Final Purchase Agreement will be signed on December 1, 2007 ("Purchase Agreement Date"). AmRest is the strategic investor in this transaction with the goal to facilitate substantial further expansion of the business of Kroshka-Kartoshka restaurants, quick service restaurant chain in Russia, Ukraine, and other geographical markets. The intention of both parties is to create such ownership and management structure, which would provide for growth of Kroshka-Kartoshka chain business and exit from it through a trade sale or IPO in 3-5 years.Kroshka-Kartoshka has been present in the quick service restaurant market since 1998, when its first unit was opened in Moscow. Pursuant to AmRest best knowledge currently the Kroshka-Kartoshka chain consist of about 180 units. The restaurants offer a wide selection of meals made from potatoes baked in foil and filled with a variety of toppings. Currently, the Kroshka-Kartoshka is one of the most publicly recognized and leading Russian quick service restaurant chains and comprises a wide chain of company-owned and franchise outlets.

  The Sellers own directly or indirectly, 100% ownership interest in HoldCo and other related business entities (jointly: "Russian Entities"), which jointly operate quick service restaurants in Russia under "Kroshka Kartoshka" brand ("Kroshka Kartoshka Chain") and hold all assets related to this business.

The Sellers also own 51% ownership interest in business entities that operate quick service restaurants in Ukraine, identical to that of Kroshka Kartoshka Chain, under ‘Pechena Kartoplya’ brand (“Ukrainian Entities”).

By the time of finalization of the transaction HoldCo will have 100% ownership interest in the Russian Entities and 51% ownership interest in the Ukrainian Entities (HoldCo, the Russian Entities and the Ukrainian Entities referred herein as the “Kroshka-Kartoshka Group”). AmRest will pay USD 36.2 million for its 30% stake in HoldCo.

AmRest will perform a due diligence review of the Russian Entities and Ukrainian Entities. In case that there are outstanding issues essential for the finalization of the transaction outlined by the due diligence report, the Sellers shall provide AmRest with sufficient representations and warranties, included into the transaction documentation, which are customary for such transaction on Purchase Agreement Date latest.

- On the 26 October OOO AmRest (“Buyer”, “AmRest Russia”) and OOO Fast Food Restaurants Group (“Seller”), seated in Moscow, signed the preliminary agreement for the transfer of property and rights regarding 5 Rostik’s–KFC restaurants operated by the Seller in Russia (“Preliminary Transfer Agreement”) – RB 66/2007 dated 29 October 2007. OOO AmRest is a newly registered name of OOO Pizza Nord, AmRest’s 100% subsidiary, seated in St. Petersburg.

  The property and rights regarding Rostik’s–KFC restaurants include the restaurants’ equipment and agreements necessary to operate these restaurants (rent agreements, franchise agreements, agreements regarding electricity and other media delivery, liquor licenses etc.).

  The parties agreed that the Preliminary Transfer Agreement will be finalized upon condition of successfully completion of due diligence process which will be finalized within 60 days from the date of signing this agreement. The additional condition is the approval of AmRest Russia general meeting of shareholders which will follow within 30 days from the date of completion of the due diligence. The total transaction price (“Transfer Price”) will be ultimately determined following the completion of this process and will not exceed USD 6.1 million.

- On the 26 October OOO AmRest (“Buyer”, “AmRest Russia”) and Closed Joint Stock Company KARO (“Seller”), seated in Moscow, signed the preliminary agreement for the transfer of property and rights regarding 6 Rostik’s–KFC restaurants operated by the Seller in Russia (“Preliminary Transfer Agreement”) – RB 67/2007 dated 29 October 2007. The property and rights regarding Rostik’s–KFC restaurants include the restaurants’ equipment and agreements necessary to operate these restaurants (lease agreements, franchise agreements, agreements regarding electricity and other media delivery, liquor licenses etc.).

  The parties agreed that the Preliminary Transfer Agreement will be finalized upon condition of successfully completion of due diligence process which will be finalized within 60 days from the date of signing this agreement. The additional condition is the approval of AmRest Russia general meeting of shareholders which will follow within 30 days from the date of completion of the due diligence. The total transaction price (“Transfer Price”) will be ultimately determined following the completion of this process and will not exceed USD 8 million.

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

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

Cut down of IRI shares in AmRest's initial capital

On the 27 July 2007 International Restaurants Investments, LLC („IRI") cut down its share in the Company's initial capital. Currently, IRI's has 1,199,420 shares in AmRest which constitutes 8.46% of the Company's initial capital and entitles it to 1,199,420 votes, i.e. 8.46% of the total number of votes at the Company's General Meeting of Shareholders.

On the 14 November 2007 the main shareholders were: investing funds and open pensions fund, a prior main shareholder (IRI LLC) and an independent individual – Michael Tseytin who acquired shares of the Company through an acquisition of the entity in Russia (see the last bullet of this Note).

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 %
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 %
ING Nationale – Nederlanden OFE	750 000	5,29 %	750 000	5,29 %
Michael Tseytin	720 016	5,08 %	720 016	5,08 %

Establishment of AmRest Coffee s.r.o.

On 14 September 2007 the Group and Starbucks Coffee International, Inc. established AmRest Coffee s.r.o., based in Prague, Czech Republic. The Group contributed 109 800 of shares, i.e. 82% of capital and voting rights of a new company. Starbucks Coffee International, Inc. contributed 24 120 of shares, i.e. 18% of capital and voting rights. The entire capital of Starbucks Coffee International, Inc. amounts to 18 117 TPLN. The company was established following the agreement with Starbucks Coffee International, Inc. -Section(a).

Entering the restaurant business in Russia

On 15 May 2007 AmRest Holdings N.V. set up the new company - AmRest Acquisition Subsidiary, Inc., based in Delaware, USA.

On 2 July 2007 AmRest Acquisition Subsidiary, Inc. acquired from an independent individual 100% of US Strategies, Inc., based in New Jersey, USA, which controlled 91% of shares and voting rights of OOO Pizza Nord - a franchisee of Pizza Hut and Rostic-KFC brands in Russia. In the same day, American Restaurants Sp. z o.o. acquired remaining 9% of shares and voting rights of OOO Pizza Nord owned by independent individuals. As a result of above transactions the Group effectively gained 100% control over OOO Pizza Nord operating 19 Pizza Hut restaurants and 22 Rostic-KFC restaurants, operating in Russia and located primarily in St. Petersburg and Moscow.
On 2 July 2007 US Strategies, Inc. and AmRest Acquisition Subsidiary, Inc. merged together into one legal entity.
The above acquisition was the next step in the Group's plans to become the dominate restaurant company in Central and Eastern Europe.

The purchase price allocation process is not finalized yet as the acquisition took place after balance sheet date and there were no sufficient time to perform all necessary valuations till the date the following Consolidated Financial Statements have been approved by the Management Board.

Details of provisional fair values of net assets acquired, goodwill and purchase price as of the date of acquisition are as follows.

Cash and cash equivalents	962
Property, plant and equipment	56 458
Intangible assets	1 653
Inventories	1 595
Trade and other receivables	1 243
Other current assets	2 149
Other non-current assets	1 892
Trade and other payables	(42 611)
Net assets acquired	23 341
Goodwill	147 920
Total purchase consideration	171 261
Satisfied in cash	70 332
Satisfied in shares	99 987
Additional costs incremental to the acquisition (due diligence)	942
	171 261

The goodwill is based on provisional fair values of net assets acquired and relates mainly to benefits of getting access to the Russian restaurant market and its customers. The goodwill also relates to synergies expected to arise after the acquisition. Due to the characteristic of the Group's restaurant operations, it does not hold a register of its customers which are not bound by any contract and are not individually identified. Restaurants in Russia operate in accordance with franchise agreements similar to agreements concluded with restaurants in Poland, Hungary and the Czech Republic.

The provisional fair values of assets and liabilities acquired are based on the amounts from OOO Pizza Nord historical accounting records, preliminary adjusted to reflect some deviation from fair values. These values will be subject to further adjustments as additional information is obtained. Such additional information may include valuation reports. A detailed review of acquired assets and assumed liabilities and contingent liabilities will be performed during the course of the period ending 31 December 2007. These process may result in further adjustments to the carrying amounts of identifiable net assets as at the acquisition date.

The purchase consideration includes contingent element as it is based on expected OOO Pizza Nord future Earnings Before Interests, Taxes, Depreciation and Amortisation (EBITDA). Purchase price was determined as the expected EBITDA for the period from 2 July 2007 - 30 June 2008 multiplied by 7 and reduced by assumed liabilities of 34 506 TPLN. There are no caps or floors for subsequent adjustments of the purchase price therefore it is highly dependent on future performance of acquired restaurants till 30 June 2008.

Part of the purchase price was satisfied in the Company's own 670 606 shares. The fair value of shares transferred (99 987 TPLN) was determined based on the market price of one share (PLN 149.1) reported on the Warsaw Stock Exchange as at the 2 July 2007.

In order to satisfy the above consideration (shares), the Company borrowed own shares from its main shareholder – IRI and transferred them to the seller. On 27 July 2007 the Company issued 670 606 new shares to repay a loan from IRI.

In order to satisfy above consideration (cash) the Group signed the Annex to the bank loan agreement. The annex increases the total amount of the credit facility up to 210 000 TPLN.

On 2nd July 2007, as a result of acquisition OOO Pizza Nord, AmRest Holding N.V. signed the Intent Letter of Intence with YRI (YRI is a subsidiary of YUM!), regarding YUM!'s guaranty for OOO Pizza Nord.
AmRest Holding N.V. agreed to assumme YUM!'s obligations under the guarantee regarding OOO Pizza Nord's loan. The amount of this obligation is USD 2,5 mln.

Liquidation of Global Communication Services Sp. z o.o.

On the 28th August 2007 the Group finished liquidation of *Global Communication Services Sp. z o.o* company and put application to the Register Court to withdraw the company from the business register.

Liquidation of Fried Chicken s.r.o.

On the 30th August 2007 the Group finished liquidation of Fried Chicken s.r.o. company and withdraw the company from the business register.

(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:

	9 months ended September 2007	3 months ended September 30 2007	9 months ended September 30 2006	3 months ended September 30 2006
Net profit attributable to shareholders of the parent(PLN ‘000)	40 579	15 750	28 441	9 532
Ordinary shares as at January 1st/April 1st	13 500 000	13 500 000	13 500 000	13 500 000
Effect of shares issued	223 535	663 317	-	-
Effect of stock options granted in 2005	56 123	56 123	25 399	25 399
Effect of stock options granted in 2006	30 278	30 278	-	-
Weighted average number of ordinary shares as at September 30	13 809 936	14 249 718	13 525 399	13 525 399
Basic earnings per share (PLN	2,96	1,11	2,11	0,70
Diluted earnings per share (PLN)	2,94	1,11	2,11	0,70