AmRest Holdings SE

Annual Separate Financial Statements as at and for the twelve months ended December 31, 2011

Contents:

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Board Member	**Board Member**	**Board Member**

Wrocław, March 20, 2012

Annual Separate Income Statement for the 12 months ended December 31, 2011

In thousands of Polish Zloty	Note	12 months ended December 31, 2011	12 months ended December 31, 2010
General and administrative expenses (G&A)		(3 803)	(654)
Other operating income		193	2 158
Finance income	9	19 892	14 752
Finance cost	9	(12 453)	(13 166)
Profit before tax		**3 829**	**3 090**
Income tax expense	10	(642)	(248)
Profit for the period		**3 187**	**2 842**
Basic profit per share in Polish zloty	14	0,15	0,17
Diluted profit per share in Polish zloty	14	0,15	0,13

The Annual Separate Income Statement has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Comprehensive Income for the 12 months ended December 31, 2011

In thousands of Polish Zloty	12 months ended December 31, 2011	12 months ended December 31, 2010
Profit for the period	**3 187**	**2 842**
Other comprehensive income	**-**	**-**
Other comprehensive income for the period, net of tax	**-**	**-**
Total comprehensive income for the period	**3 187**	**2 842**

The Annual Separate Statement of Comprehensive Income has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Financial Position as at December 31, 2011

In thousands of Polish Zloty	Note	December 31, 2011	December 31, 2010
Assets			
Investment in associates	2	754 224	393 260
Other non-current assets	3	205 700	375 661
Deferred Tax assets	10	-	380
Total non-current assets		**959 924**	**769 301**
Trade and other receivables	5	1 002	6 674
Other current assets		8	4
Other financial assets	3	27 728	-
Cash and cash equivalents	8	17 043	33 609
Total current assets		**45 781**	**40 287**
Total assets		**1 005 705**	**809 588**
Equity	7		
Share capital	7	714	623
Reserves	7	776 182	605 689
Retained Earnings	7	56 742	53 555
Total Equity attributable to shareholders of the parent		**833 638**	**659 867**
Liabilities			
Deferred tax liabilities	10	179	-
Non-current bonds liabilities	4	149 491	149 161
Total non-current liabilities		**149 670**	**149 161**
Interest-bearing loans and borrowings	4	22 111	-
Trade and other payables		286	560
Total current liabilities		**22 397**	**560**
Total liabilities		**172 067**	**149 721**
Total equity and liabilities		**1 005 705**	**809 588**

The Annual Separate Statement of Financial Position has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Cash Flows for the 12 months ended December 31, 2011

In thousands of Polish Zloty	**12 months ended December 31, 2011**	**12months ended December 31, 2010**
Cash flows from operating activities		
Profit before tax	3 829	3 090
Adjustments for:		
Interest, net	(7 267)	(1 241)
Unrealized foreign exchange differences	(306)	(510)
Change in receivables	4 176	17 688
Change in other current assets	(4)	13
Change in payables and other liabilities	(274)	335
Income taxes paid	(698)	(628)
Net cash provided by operating activities	**(544)**	**18 747**
Cash flows from investing activities		
Proceeds from repayment of loan and interest given	159 956	11 627
Expense on loans given	-	(350 000)
Acquisition of subsidiaries, net of cash acquired	(359 683)	(24 391)
Net cash used in investing activities	**(199 727)**	**(362 764)**
Cash flows from financing activities		
Proceeds from shares issued	168 926	306 503
Proceeds from share issuance (employees options)	377	713
Proceeds from debt securities	-	39 695
Repayment of bonds and bonds interest	(11 619)	(86 498)
Proceeds from loans received	22 312	-
Interest received from bank deposits	1 828	7 242
Proceeds from cash-pooling	2 321	634
Other financial expenses	(440)	-
Net cash provided by/(used in) financing activities	**183 705**	**268 289**
Net change in cash and cash equivalents	**(16 566)**	**(75 728)**
Balance sheet in cash and cash equivalents	**(16 566)**	**(75 728)**
Cash and cash equivalents, beginning of period	**33 609**	**109 337**
Cash and cash equivalents, end of period	**17 043**	**33 609**

The Annual Separate Statement of Cash Flows has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

Annual Separate Statement of Changes in Equity for the 12 months ended December 31, 2011

	Issued capital	Reserves	Retained Earnings	**Total Equity**
As at January 1, 2010	**427**	**295 229**	**50 713**	**346 369**
Comprehensive Income				
Profit for the period	-	-	2 842	**2 842**
Total Comprehensive Income	**-**	**-**	**2 842**	**2 842**
Transactions with shareholders				
Employees share option scheme – value of employee services	-	3 440	-	**3 440**
Employees share option scheme – value of realized options	-	713	-	**713**
Issuance of shares	196	306 307	-	**306 503**
Total of transactions with shareholders	**196**	**310 460**	**-**	**310 656**
As at December 31, 2010	**623**	**605 689**	**53 555**	**659 867**
As at January 1, 2011	**623**	**605 689**	**53 555**	**659 867**
Comprehensive Income				
Profit/(loss) for the period	-	-	3 187	**3 187**
Total Comprehensive Income	**-**	**-**	**3 187**	**3 187**
Transactions with shareholders				
Employees share option scheme – value of employee services	-	1 281	-	**1 281**
Employees share option scheme – value of realized options	-	377	-	**377**
Issuance of shares	91	168 835	-	**168 926**
Total of transactions with shareholders	**91**	**170 493**	**-**	**170 584**
As at December 31, 2011	**714**	**776 182**	**56 742**	**833 638**

The Annual Separate Statement of Changes in Equity has to be analyzed jointly with the notes which constitute an integral part of these financial statements.

1 Company overview and significant accounting policies

(a) Background

AmRest Holdings SE ("the Company") was established in the Netherlands in October 2000 as a joint-stock company. On September 19, 2008, the Commercial Chamber in Amsterdam registered the change in the legal status of the Company to a European Company (Societas Europaea) and of its name to AmRest Holdings SE. On December 22, 2008, the District Court for Wrocław-Fabryczna in Wrocław, 6th Business Department registered the new registered office of AmRest in the National Court Register. The address of the Company's new registered office is: pl. Grunwaldzki 25-27, Wrocław (50-365), Poland. The Court also registered amendments to the Company's Memorandum of Association related to the transfer of the registered office of AmRest to Poland.

The Company's core activity is direct management of the following entities ("the Group"):

- AmRest Sp. z o.o. (Poland), the entity being a parent in an international group comprising of entities located in Poland, as well as in Russia (OOO AmRest) and USA (AmRest, LLC),
- AmRest s.r.o. (The Czech Republic),
- AmRest EOOD (Bulgaria),
- AmRest Acqusition Subsidiary Inc (USA),
- AmRest Tag S.L. (Spain), the entity being a parent in a group, comprising of entities located in Spain,
- AmRest HK Limited (China),
- AmRest Finance S.L. (Spain).

The principal activity of the entities within the Group is operating restaurants located in Poland, The Czech Republic, USA, Bulgaria, Russia, Serbia, Spain and Hungary,.:

- based on the franchise contracts - restaurants „KFC", „Pizza Hut", „Burger King", „Applebees" and „Starbucks",
- as the owner of trademark - restaurants "La Tagiatella", „Il Pastificcio" and „Trastevere".

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

Before April 27, 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 first quoted on the stock exchange. 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 December 31, 2011, WP Holdings VII B.V. was the largest shareholder of AmRest and held 32.99% of its shares and voting rights.

These financial statements were authorized by the Management Board on March 20, 2012.

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

These annual separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and adopted by the European Union for annual financial reporting, in force as at December 31, 2011. As at December 31, 2011, there are no discrepancies between the accounting policies adopted by the Entity and the standards referred to above. The accounting policies which have been applied in the preparation of the annual financial statements comply with those used in preparing the annual separate financial statements for the year ended December 31 2010, with the exception of the new standards binding as of 1 January 2011.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Entity

In this financial statements Entity has not decided for early adoption of following standards and interpretations that are not yet effective:

- **IFRS 9 „Financial Instruments Part 1: classification and measurement".** IFRS 9 Financial Instruments was published by IASB on November 12, 2009 and replaces those parts of IAS 39 that covers classification and measurement of financial assets. In October 2010 IFRS 9 was amended for classification and valuation of financial liabilities. New standard is applicable for annual periods starting January 1, 2013 or later. Standard introduces one model providing only two classification categories for financial assets: amortized cost and fair value. Classification is made on initial recognition and depends on applied by entity model for managing financial instruments and characteristic of agreed cash flows for given instruments. Most of IAS 39 requirements regarding classification and measurement of financial liabilities were moved to IFRS 9 in unchanged form. Key amendment is imposition on entities requirement for presentation in comprehensive income effects of changes in own credit risk from financial liabilities indicated to be valued in fair value through income statement.

  Entity will apply amendment to IFRS 9 beginning on January 1, 2015. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, IFRS 9 has not been approved by European Union.

- **IFRS 10, „Consolidated Financial Statements".** IFRS 10 "Consolidated Financial Statements" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2013 or later. New standard replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC-12 "Consolidation - special purpose entities". IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance.

  Entity will apply amendment to IFRS 10 beginning on January 1, 2013. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, IFRS 10 has not been approved by European Union.

- **IFRS 11, „Joint Arrangements".** IFRS 11 „Joint Arrangements" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2013 or later. New standard replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities—Non-Monetary Contributions by Ventures".

  Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures.

  Entity will apply amendment to IFRS 11 beginning on January 1, 2013. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, IFRS 11 has not been approved by European Union.

- **IFRS 12, „Disclosure of Interest in Other Entities".** IFRS 12 „Disclosure of Interest in Other Entities" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2013 or later. New standard applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It replaces the disclosure requirements currently found in IAS 28 "Investments in associates". IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarized financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities.

Entity will apply amendment to IFRS 12 beginning on January 1, 2013. Management board is during verification of above amendments influence on financial statements.

As at the date of this financial statement issuance, IFRS 12 has not been approved by European Union.

- **IFRS 13, „Fair value measurement".** IFRS 13 „ Fair value measurement" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2013 or later. New standard aims to improve consistency and reduce complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs.

  Entity will apply amendment to IFRS 12 beginning on January 1, 2013. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, IFRS 12 has not been approved by European Union.

- **Revised IAS 27, „Separate Financial Statements".** Revised IAS 27, "Separate Financial Statements" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2013 or later.

  IAS 27 was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements.

  Entity will apply amendment to revised IFRS 27 beginning on January 1, 2013. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, revised IFRS 27 has not been approved by European Union.

- **Revised IAS 28, „Investments in Associates and Joint Ventures".** Revised IAS 28, „Investments in Associates and Joint Ventures" was published by IASB in May 2011. New standard is applicable for annual periods starting January 1, 2013 or later. The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged.

  Entity will apply amendment to revised IFRS 28 beginning on January 1, 2013. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, revised IFRS 28 has not been approved by European Union.

- **Amendments to IFRS 7 "Transfers of financial assets".** Amendments to IFRS 7 "Transfer of financial assets" were issued by IASB in November 2010 and are valid for annual periods starting from July 1, 2011 or later. Amendments require disclosure of additional information on risk derived from transfer of financial assets. Cover requirement to disclose according to classes of assets, character, balance sheet value, risk description and benefits concerning financial assets transferred to other entity, but still remaining in balance sheet of entity. Required are also disclosures of information allowing users of financial statements to identify value of potential related liability and relation between given financial asset and counterpart liability. In case when financial assets were derecognized from balance sheet, but entity is still exposed to certain risk and can gain certain rewards connected with transferred item of assets, it is required to additionally disclose information allowing to understand consequences of such risk.

Entity will apply amendment to IFRS 7 not earlier than on July1, 2011. Management board is during verification of above amendments influence on financial statements.

As at the date of this financial statement issuance, IFRS 7 has not been approved by European Union.

- **"Recovery of underlying assets" – Amendments to IAS 12.** Amendments to IAS 12 „Recovery of underlying assets" were published by the International Accounting Standards Board in December 2010 r. and are effective for the annual periods beginning on or after January 1, 2012 r. The purpose of this update is to provide practical guidance in the estimation of the amount of deferred income tax in a situation where investment property is measured through the use of the fair value model from IAS 40 Investment Property and introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets which addresses similar issues involving non-depreciable assets measured using the revaluation model in IAS 16 Property, Plant and Equipment was incorporate into IAS 12 after excluding guidance regarding investment property measured at fair value.

  Entity will apply amendments to IAS 12 not earlier than January 1, 2012. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, amendments to IAS 12 has not been approved by European Union.

- **Severe Hyperinflation and Removal of Fixed Dates for First – time adopters – Amendments to IFRS 1.** Amendments to IFRS 1 „Severe Hyperinflation and Removal of Fixed Dates for First – time adopters" were published by the International Accounting Standards Board in December 2010 and are effective for the annual periods beginning on or after July 1, 2011.

  The amendment regarding severe hyperinflation creates an additional exemption when an entity that has been subject to severe hyperinflation resumes presenting or presents for the first time, financial statements in accordance with IFRS. The exemption allows an entity to elect to measure certain assets and liabilities at fair value; and to use that fair value as the deemed cost in the opening IFRS statement of financial position.

  The IASB has also amended IFRS 1 to eliminate references to fixed dates for one exception and one exemption, both dealing with financial assets and liabilities. The first change requires first-time adopters to apply the derecognition requirements of IFRS prospectively from the date of transition, rather than from 1 January 2004. The second amendment relates to financial assets or liabilities where the fair value is established through valuation techniques at initial recognition and allows the guidance to be applied prospectively from the date of transition to IFRS rather than from 25 October 2002 or 1 January 2004. This means that a first-time adopter may not need to determine the fair value of certain financial assets and liabilities at initial recognition for periods prior to the date of transition. IFRS 9 has also been amended to reflect these changes.

  Entity will apply amendments to IFRS 1 not earlier than July 1, 2011. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, amendments to IFRS 1 has not been approved by European Union.

- **„Presentation of Financial Statements" – Amendments to IAS 1.** Amendments to IFRS 1 „Presentation of Financial Statements" were published by the International Accounting Standards Board in June 2011 and are effective for the annual periods beginning on or after July 1, 2012. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to ‘statement of profit or loss and other comprehensive income’.

Entity will apply amendments to IAS 1 not earlier than July 1, 2012. Management board is during verification of above amendments influence on financial statements.

As at the date of this financial statement issuance, amendments to IAS 1 has not been approved by European Union.

- **Amended IAS 19, „Employee Benefits”.** Amendments to IAS 19 „Presentation of Financial Statements” were published by the International Accounting Standards Board in June 2011 and are effective for the annual periods beginning on or after January 1, 2013. The amended AIS 19 makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurements in other comprehensive income.

  Entity will apply amendments to IAS 19 beginning on January 1, 2013. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, amendments to IAS 19 has not been approved by European Union.

- **„Offsetting Financial Assets and Financial Liabilities” - Amendments to IAS 32.** Amendments to IAS 32 „Offsetting Financial Assets and Financial Liabilities” were published by the International Accounting Standards Board in December 2011 and are effective for the annual periods beginning on or after January 1, 2014.

  The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of ‘currently has a legally enforceable right of set-off’ and that some gross settlement systems may be considered equivalent to net settlement.

  Entity will apply amendments to IAS 32 beginning on January 1, 2014. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, amendments to IAS 32 has not been approved by European Union.

- **„Disclosures-Offsetting Financial Assets and Financial Liabilities” - Amendments to IFRS 7.** Amendments to IFRS 7 „Disclosures-Offsetting Financial Assets and Financial Liabilities” were published by the International Accounting Standards Board in December 2011 and are effective for the annual periods beginning on or after January 1, 2013.

  The amendment requires disclosures that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off

  Entity will apply amendments to IFRS 7 beginning on January 1, 2013. Management board is during verification of above amendments influence on financial statements.

  As at the date of this financial statement issuance, amendments to IFRS 7 has not been approved by European Union.

New and amended standards adopted by the Entity

As at January 1, 2011 Entity has adopted following new and amended IFRS and IAS:

- **Amendments to IAS 32 „Classification of rights issues “.** Amendments to IAs 32 "Classification of rights issues" were issued by IASB on October 8, 2009 and are valid for annual periods starting from February 1, 2010 or later. Amendments concern accounting for emission rights (rights issues, options, warrants) denominated in currency other than functional currency of issuer. Amendments require, to, fulfilling certain requirements, qualify rights issues as own equity despite, which currency is used for price of right realization.

  Entity applies amendments to IAS 32 from January 1, 2011. Application of standard amendments does not create retrospectively adjustments. The amendments do not have a material impact on the group or company's financial statements.

- **Amendments to IAS 24 „Related party disclosures".** Amendments to IAS 24 „Related party disclosures" were published by IASB at November 4, 2009 and are valid for annual periods starting from January 1,2011 or later. Amendments implements simplification regarding the disclosure of information by entities related to governmental institutions and specifies definition of related party. Entity applies amendments of IAS 24 according to transitional regulations.

  Entity applies amendments to IAS 24 from January 1, 2011. Application of standard amendments does not create retrospectively adjustments. The amendments do not have a material impact on the group or company's financial statements.

- **Amendments to IFRS 1 „First time adoption of IFRS".** Amendments to IFRS "Limited exemption from comparative IFRS 7 disclosure for first time adopters" 1were published by IASB in January 28, 2009 and are valid for annual periods starting in July 1, 2010 or later. Amendments introduce additional exemptions for IFRS first time adopters concerning disclosing information required by amendments to IFRS 7 issued in March 2009 regarding valuation to fair value and liquidity risk.

  Entity applies amendments to IFRS 1 from January 1, 2011. Application of standard amendments does not create retrospectively adjustments. The amendments do not have a material impact on the group or company's financial statements.

- **IFRS Improvements 2010.** The International Accounting Standards Board issued "IFRS Improvements" on May 6, 2010, which amend seven standards. The amendments include changes in scope, presentation, disclosure, recognition and valuation and include terminology and editorial changes.

  Entity will apply amendments IFRS from January 1, 2011. Application of IFRS Improvements 2010 does not create retrospectively adjustments. The amendments do not have a material impact on the group or company's financial statements.

- **Amendment to IFRIC 14 „The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".** Amendments to IFRIC 14 were issued by IFRS Interpretation Committee in November 26, 2009 and is valid for annual periods starting from January 1, 2011 or later. This interpretation covers guidelines in the area of recognition of early payment of contribution for covering of minimal financing requirements as assets in contributing entity.

  Entity applies amendments to IFRIC 14 from January 1, 2011. Application of standard amendments does not create retrospectively adjustments. The amendments do not have a material impact on the group or company's financial statements.

- **IFRIC 19 „Extinguishing Financial Liabilities with Equity Instruments".** Document IFRIC 19 was published by IFRS Interpretation Committee at November 26, 2009 and is valid for annual periods starting July 1, 2010 or later. This interpretation explains accounting principles applied in situation when in result of renegotiation by entity of financial liabilities terms, liability is settled via issuance of equity instruments aimed to creditors. Interpretation requires valuation of equity instruments in fair value and recognition of gain or loss in value of difference between book value of financial liability and fair value of equity instrument. Entity will address IFRIC 14 according to transitional regulations.

Entity applies amendments to IFRIC 19 from January 1, 2011. Application of standard amendments does not create retrospectively adjustments. The amendments do not have a material impact on the group or company's financial statements.

(c) Basis of preparation of financial statements

Because of the fact that Company has moved its seat to Poland financial statements was prepared in polish zloty (PLN), after rounding to full thousands (TPLN). Polish zloty is functional currency of the AmRest Holdings SE since January 1, 2009.

The Company prepares consolidated financial statements of the Group for which it acts as a parent. The consolidated and separate financial statements have to be analyzed jointly in order to vies a full picture of the Company’s financial.

The standalone financial statements are prepared on the historical cost basis except of assets held for sale and assets stated in fair value through profit or loss, which are stated in fair values. Non-current assets held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

The preparation of the IFRS financial statements requires the Management of the Company to make certain assumptions and estimates which are reflected in the accounting policy and that affect the reported amounts of assets and liabilities and reported revenues and expenses during the period. The results of the estimates and the respective assumptions being the result of experience and various factors deemed to be justified in given circumstances are the basis for assessing the values of assets or liabilities which do not result directly from other sources. The actual financial results may differ from the adopted estimates.

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

The accounting policies have been applied consistently to all periods presented in these financial statements.

(d) Financial assets – investments in subsidiaries

Investments in subsidiaries

Investments in subsidiaries are valued at cost, net of impairment losses.

Other than investments in subsidiaries the Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity assets, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and reviews this designation at every balance sheet date.

Available-for-sale financial assets

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

Financial assets at fair value profit or loss

This category has two sub-categories: ‘financial assets held for trading’, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as ‘held for trading’ unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. The Company does not maintain any investments classified as financial assets at fair value through profit or loss as at the end of each of the periods covered by these financial statements.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Assets held-to-maturity are measured at amortised cost. Investments stated at amortised cost are measured as the amount proceeded at the date of its maturity less all discounts and bonuses.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. They are carried at amortized cost less impairment losses and are classified as 'trade and other receivables' in the balance sheet for maturities not greater than 12 months after the balance sheet date (see accounting policy (e below).

Regular purchases and sales of investments are recognized on trade-date – the date on which the Entity commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Entity has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

(e) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognized initially at fair value and subsequently measured at amortized cost less impairment losses.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(g) Equity

Ordinary shares are classified as equity.

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

The supplementary capital comprises of:

- surpluses between income from share issue and nominal value of issued shares, less costs of issue
- costs of employee benefits and share option plans.

(h) Financial liabilities - interest bearing loans and borrowings and bonds obligations

Interest-bearing loans and borrowings as well as bonds obligations are recognized initially at cost being their fair value, less attributable transaction costs. In subsequent periods, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings using the effective interest rate method.

If the loan is settled before the maturity date, any difference between the settled cost and the current cost is recognized in the income statement.

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

The zero coupons bonds obligations are classified as non-current liabilities if the maturity date is equal greater than 12 months after the balance sheet date.

(i) Employee benefits

Share-based compensation

The Company, having no own employees, provides two equity-settled, share-based compensation plans for the key employees of AmRest Group (see Note 6). The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Related entities, for which employees were included in the share option plan and exercised their options, are obliged to pay to the Company the remuneration calculated as the difference between the value of shares received by employees valued at the market price and the price of the option granted.

(j) Trade and other payables

They are recognized initially at fair value and subsequently measured at amortized cost.

(k) Currency and exchange differences

Business transactions denominated in foreign currencies are recognized on the date of making at the following exchange rates:

- in case of sale or purchase of currencies or settlement of receivables and liabilities, at foreign currency purchase or sale rate applied by the Company's bank;
- in case of other transactions, at the average exchange rate determined for the given currency by the National Bank of Poland as at that date.

On the balance sheet date, assets and liabilities were measured using an average exchange rate determined by the National Bank of Poland.

(l) Income tax expense

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

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

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

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

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

(in PLN thousands unless stated otherwise)

2 Investments in subsidiaries

The table below presents the number and value of the shares owned by the Company in its subsidiaries as at December 31, 2011 and as at December 31, 2010.

	December 31, 2011		**December 31, 2010**	
	Interest ownership	Value of Shares	Interest ownership	Value of Shares
AmRest Sp. z o.o. (Poland)*	100%	214 015	100%	212 734
AmRest s.r.o. (Czech Republik)	100%	33 573	100%	12 467
AmRest BK s.r.o. (Czech Republik)**	-	-	100%	21 105
AmRest Acquisition Subsidiary (USA)	100%	146 954	100%	146 954
AmRest Tag S.L. (Spain)***	100%	357 044	-	-
AmRest Tag S.L. (Spain)	100%	13	-	-
AmRest EOOD (Bulgaria)****	100%	2 000	-	-
AmRest HK Limited (China)	65%	625	-	-
Total	**-**	**754 224**	**-**	**393 260**

* The value of shares in AmRest Sp. z o.o. was increased by capitalized costs of the share option plan (share options granted to the employees of the subsidiaries). The costs capitalised in the value of investments in subsidiaries amounted to 1 281 TPLN as at December 31, 2011.

** On December 28, 2011 took place a merger of AmRest s.r.o. and AmRest BK s.r.o.

*** On March 15, 2011, AmRest Holdings SE acquired 100% of AmRest TAG S.L. shares, with its registered office in Madrid, Spain. The total transaction value was PLN 357 044 thousand (EUR 90 million).

On March 15, 2011, AmRest TAG S.L. acquired 100% of AmRestavia S.L shares.

The purpose of the acquisition of above mentioned companies was the purchase of 100% shares in Restauravia Grupo Empresarial S.L. ("RGE").

On April 28,2011, the Group acquired 100% shares in Restauravia Grupo Empresarial S.L. from Corpfin Capital Fund III F.C.R., Corpfin Capital S.A. S.C.R., Corpfin Capital Fund III SBP F.C.R., Delta Spain S.A.R.L. SICAR, known as „Shaleholders Corpfin" and Ms. María Elena Pato-Castel Tadeo, Mr. David Gorgues Carnicé, Kenvest Restoration S.L. Ebitda Consulting S.L.. As a result of shares purchase in RGE, both companies acquired on March 15,2011 became shareholders of RGE AmResTAG 83,48% and AmRestavia 16,52%). Additionally 23.73% of shares in AmRest TAG was covered by existing shareholders of the RGE.

According to terms of the agreement AmRest owns "Call Option" to purchase total or part of shares from non-controlling interest shareholders. AmRest has the right to realize Call option after 3 and to 6 years from the date of finalizing the agreement on May 1st and December 1st each year within this period. Non-controlling shareholders have the right to "Put Option" to sell total or part of shares. Put option can be realized after 3 and to 6 years from the date of finalizing the agreement. The price of both options will be equal 8,2 times of the

(in PLN thousands unless stated otherwise)

EBITDA value for last 12 months, adjusted by net debt value on the day of option realization. As at the date of financial statements issuance December 31, 2011 Holding Company was unable to make a reliable estimate of above mentioned options fair value. Furthermore following IAS39 point 46 (c), it was assumed that options should be valued at cost, as instrument derived from investment in capital instrument not quoted at active market and which fair value cannot be reliably measured. Cost at initial recognition of this option is based on premium value paid for this option, which in this case is immaterial.

Key managers of the Spanish market participate in motivation program which bases on exceeding goals of the business growth. Details on motivations programs are presented in Note 6.

****On December 20, 2011 AmRest Sp. z o.o. sold shares in AmRest EOOD to AmRest Holdings SE. Change of the shareholder was registered on February 2, 2012 by the court proper for AmRest EOOD (Bulgaria).

As at December 31, 2011 the Company has not recognized impairment on the investments in subsidiaries.

3 Loans granted to subsidiaries

Borrower	- AmRest s.r.o.
Loan amount	- 25 431 TPLN
Interest rate	- WIBOR 3M + margin

The loan agreement was signed on April 28 and August 22, 2005. In accordance with the agreement the interest will be calculated on the monthly basis. The principal amount of the loan with all accrued interest will be repaid till December 31, 2012.

Borrower	- AmRest Sp. z o.o.
Loan amount	- 350 000 TPLN
Interest rate	- 3M WIBOR + margin

In accordance with the agreement the interest will be paid on the quarterly basis. The change of the compound interest rate will be executed on the first day of each quarter. The principal amount of the loan with all accrued interest will be repaid till September 30, 2012.

The table below presents the change of loan value during the twelve months period ended December 31, 2011:

As at January 1, 2011	**375 661**
Interest accrued	17 367
Loan and interest repayment	(159 956)
Exchange rate differences (financial expense)	356
As at December 31, 2011	**233 428**
Including:	
Short – term loans	**27 728**
Long – terms loans	**205 700**

Loans are not secured. The fair value of the loans presented above does not differ significantly from its carrying value.

4 Liabilities

Borrowings from related parties

On December 9, 2011 the Entity signed three loan agreements with the related parties: Restauravia Grupo Empresarial S.L., Restauravia Food S.L.U, Pastificio Services S.L.U to finance the current activity. Limits of the loans respectively amount to 10 000 TEUR, 10 000 TEUR and 20 000 TEUR. As at December 31, 2011 the liabilities amount to 2 000 TEUR for the loan granted by Restauravia Grupo Empresarial S.L., 1 500 TEUR for the loan granted by Restauravia Food S.L.U. and 1 500 TEUR for the loan granted by Pastificio Services S.L.U. In accordance with the agreements the interest will be calculated on the monthly basis. The principal amount of the loan with all accrued interest will be repaid till December 31, 2012.

The table below presents the change of borrowings value during the twelve months period ended December 31, 2011:

As at January 1, 2011	-
Borrowings received	22 312
Interest accrued	27
Exchange rate differences (financial income)	(228)
As at December 31, 2011	**22 111**

Liabilities to third parties

On December 30, 2009 and February 24, 2010 Company has issued bonds for value of 110 000 000,00 PLN and of value of 40 000 000,00 PLN specified as below:

Date of issue	- December 30, 2009
Number of bonds issued	- 11 000
Emission price of 1 bond	- 10 000 PLN
Total value of bonds issued:	- 110 000 000 PLN
Termination date	- December 30, 2014
Interest rate	- variable
Reference rate	- WIBOR 6M

Date of issue	- February 24, 2010
Number of bonds issued	- 4 000
Emission price of 1 bond	- 10 000 PLN
Total value of bonds issued:	- 40 000 000 PLN
Termination date	- December 30, 2014
Interest rate	- variable
Reference rate	- WIBOR 6M

Value of liabilities from bonds issued as at December 31, 2011 – PLN 149 491.

Bonds were issued for the financing of Group investment activities.

(in PLN thousands unless stated otherwise)

The table below presents the change of borrowings value during the twelve months period ended December 31, 2011:

As at January 1, 2011	**149 161**
Interest – discounted	11 949
Interests – paid	(11 619)
As at December 31, 2011	**149 491**

5 Trade and other receivables

As at December 31, 2011 and December 31, 2010 Company has receivables of following characteristics:

Receivables descriptions	**December 31, 2011**	**December 31, 2010**
Receivables from related parties – cash pooling	71	2 182
Receivables from related parties – AmRest Sp. z o. o.	19	3 568
Receivables from related parties – AmRest s.r.o.	-	697
Receivables from related parties – SCM Sp. z o.o.	-	74
Należność od jednostki zależnej – OOO AmRest	9	-
Należność od jednostki zależnej – AmRest EOOD	-	3
Należność od jednostki zależnej – AmRest d.o.o.	1	-
Tax receivables	902	135
Other receivables	-	15
Total of receivables	**1 002**	**6 674**

6 Employee benefits and share option plans

Long-term employee benefits dependent on their years in service

In accordance with the terms and conditions of the collective labour agreement, a specific group of employees is entitled to receive long-service bonuses depending on their years in service. The entitled employees receive a one-off amount of USD 300 after five years in service, and USD 1 000 after 10 years in service, translated in both cases into the currency of the given country. In year 2009 Group has added to this service benefit package jubilee gift for 15 years of work, which is equal to value of 100 AmRest Holdings SE shares. Due to unification of jubilee gift policy this system will be valid till the end of 2013.

Employee share option plan 1

The Plan was launched in 1999 as a cash-settled plan and covered the group of selected employees of the Group. Upon the Group's flotation on the GPW – on April 27, 2005 – the plan was modified to be share-based instead of cash-based. Additionally, all the obligations in respect of the plan were taken over by ARC (Note 1a). ARC assumed responsibility for the redemption of all the units (which could already be and which could not yet be exercised). The carrying amount of the liability as at that date of PLN 1 944 thousand was charged to capital.

(in PLN thousands unless stated otherwise)

Employee share option plan 2

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

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

Employee share option plan 3

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

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

Award date	Number of share options awarded	Terms and conditions for exercising the options	Option exercise price in PLN	Options term to maturity period
Plan 1				
April 30, 1999	75 250	5 years, gradually, 20% per annum	6.4	10 years
April 30, 2000	53 750	5 years, gradually, 20% per annum	25.6	10 years
April 30, 2001	76 300	5 years, gradually, 20% per annum	25.6	10 years
April 30, 2002	74 600	5 years, gradually, 20% per annum	16.0	10 years
April 30, 2003	55 100	5 years, gradually, 20% per annum	16.0	10 years
April 30, 2004	77 800	5 years, gradually, 20% per annum	19.2	10 years
Total	412 800			
Plan 2				
April 30, 2005	79 300	5 years, gradually, 20% per annum	24.0	10 years
April 30, 2006	75 000	5 years, gradually, 20% per annum	48.4	10 years
April 30, 2007	89 150	5 years, gradually, 20% per annum	96.5	10 years
April 30, 2008	105 250	5 years, gradually, 20% per annum	86.0	10 years
June 12, 2008	21 000	5 years, gradually, 20% per annum	72.5	10 years
April 30, 2009	102 370	5 years, gradually, 20% per annum	47.6	10 years
October 05, 2009	3 000	5 years, gradually, 20% per annum	73.0	10 years
April 30, 2010	119 375	5 years, gradually, 20% per annum	70.0	10 years

(in PLN thousands unless stated otherwise)

April 30, 2010	7 975	5 years, gradually, 20% per annum	70.0	10 years
June 20, 2011	105 090	5 years, gradually, 20% per annum	78.0	10 years
Total	707 510			
Plan 3				
December 13, 2011	616 000	3 years, gradually, 33% per annum	61.0	10 years
Total	616 000			

In the table below we present the number and weighted average of the exercise price of the options from all plans for the twelve-month period ended December 31, 2011 and 2010.

	2011				2010		
	Weighted average option exercise price	Number of options Plan 3	Number of options Plan 2	Number of options Plan 1	Weighted average option exercise price	Number of options Plan 2	Number of options Plan 1
At the beginning of the period	PLN 66,11	-	436 260	10 300	PLN 53,27	384 860	130 900
Utilized during the period	PLN 48,52	-	(7 704)	-	PLN 22,10	(21 480)	(120 600)
Redeemed during the period	PLN 67,03	-	(17 622)	-	PLN 68,13	(46 495)	-
Awarded during the period	PLN 63,55	616 000	113 065	-	PLN 70,00	119 375	-
At the end of the period	PLN 68,73	616 000	523 99	10 300	PLN 66,11	436 260	10 300
Available for exercising as at the end of the period	PLN 65,57	-	249 069	10 300	PLN 63,03	175 224	10 300

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

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

Issued in period		Average fair value of option as at the date of award	Average price of share at the date of measurement/award	Average exercise price	Expected fluctuations of share prices (expressed as the weighted average fluctuation in share prices used in the trinomial model)*	Expected term to maturity of the options (expressed as the weighted average period to maturity of the options used in the trinomial model)	Expected dividend (as of 2009)	Risk-free interest rate (based on Treasury bills)
1/1/2011 31/12/2011	Plan 3	PLN 22,57	PLN 61,00	PLN 61,0	38%	10 years	-	5,82%
1/1/2011 31/12/2011		PLN 45,97	PLN 78,00	PLN 78,00	37%	10 years	-	5,61%

(in PLN thousands unless stated otherwise)

1/1/2010 31/12/2010	Plan 2	PLN 42,61	PLN 70,00	PLN 70,00	40%	10 years	-	5,51%
1/1/2009 31/12/2009		PLN 27,38	PLN 48,32	PLN 48,32	41%	7,6 years	-	5,80%
1/1/2008 31/12/2008		PLN 29,81	PLN 83,8	PLN 83,8	37%	8,9 years	18,80%	5,80%
1/1/2007 31/12/2007		PLN 36,09	PLN 96,5	PLN 96,5	33%	9,9 years	18,80%	5,50%
1/1/2006 31/12/2006		PLN 15,5	PLN 48,3	PLN 48,3	31%	9,9 years	18,80%	4,98%
1/1/2005 31/12/2005		PLN 8,9	PLN 25,7	PLN 24,0	40%	9,9 years	18,80%	4,50%
	Plan 1	PLN 6,8	n/a	PLN 18,6	40%	7,0 years	19,40%	4,50%
Till end of 2004		PLN 6,6	n/a	PLN 18,6	40%	7,5 years	19,40%	5,80%

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

Options are awarded after the terms and conditions relating to the period of employment have been met. The Plan does not provide for any additional market conditions on which the exercising of the options would depend except of plan 3 which assumes minimal annual growth rate.
The costs recognized in connection with the plans relating to share-based payments for the period of twelve months ending on December 31, 2011 and 2010 respectively are presented below:

`	**December 31, 2011**	**December 31, 2010**
Value of employee services	1 281	3 440
	1 281	**3 440**

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

7 Equity

Share capital

As described in Note 1a, on April 27, 2005, the shares of AmRest Holdings SE commenced trading on the Warsaw Stock Exchange ("WSE") in Warsaw, Poland.

Holders of ordinary shares are authorized to receive dividend and have voting rights at the Group's General Shareholders' Meetings ("AGM") proportionate to their holdings.

On April 8, 2011 there was the finalization of the Additional Share Subscription Agreement with a shareholder WP Holdings VII B.V.. Completion resulted from registering the increase in the share capital of the Company by the amount of EUR 22 715,90 by the registry court in Wrocław (with the issuance price of PLN 75 per share).

As at December 31, 2011, the Company held 21 213 893 issued, fully paid-up shares. The Company's target capital is 3 572 463 shares. Nominal value of one share is 1 eurocent (0.01 euro).

(in PLN thousands unless stated otherwise)

Structure of other supplementary capital as at date of financial statement is as follows:

Shareholders	Shares amount	Share in Equity %	Shares amount at AGM	Share at AGM %
WP Holdings VII B.V.*	6 997 853	32,99%	6 997 853	32,99%
ING Otwarty Fundusz Emerytalny	3 633 013	17,13%	3 633 013	17,13%
BZ WBK AIB Asset Management S.A.**	2 077 569	9,79%	2 077 569	9,79%
Henry McGovern***	1 482 766	6,99%	1 482 766	6,99%
Aviva Otwarty Fundusz Emerytalny	1 411 207	6,65%	1 411 207	6,65%

* WP Holdings VII B.V. owns directly 32,99% shares in Equity and at AGM,

** BZ WBK AIB AM governs asset which are accounted mostly for funds owned by BZ WBK AIB TFI,

*** shares owned directly by Henry McGovern and companies directly related to him i.e. IRI and MPI.

Reserves

Structure of the reserved capital is as follows:

	December 31, 2011	December 31, 2010
Share premium	786 815	617 980
Employees share option plan (Note 6)	14 251	12 593
Non-refundable capital deposit without additional share issue, made by shareholders of the Entity before entry on GPW	6 191	6 191
Functional currency translation	(31 219)	(31 219)
Own shares recognition	144	144
Total supplementary capital	**776 182**	**605 689**

8 Cash and cash equivalents

	December, 31 2011	December 31, 2010
Cash at bank	17 042	33 608
Cash in hand	1	1
	17 043	**33 609**

9 Finance income and expenses

	12 months ended December 31, 2011	12 months ended December 31, 2010
Interest income	19 493	14 409

(in PLN thousands unless stated otherwise)

Net exchange rate gains	399	343
Finance income, total	**19 892**	**14 752**
Interest expense	11 815	12 970
Other	638	196
Finance expenses, total	**12 453**	**13 166**

10 Income Tax

	12 months ended December 31, 2011	**12months ended December 31, 2010**
Corporate income tax - current period	-	-
Corporate income tax – previous period	83	628
Change in deferred tax assets/liabilities	559	(380)
Income tax recognized in the income statement	**642**	**248**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. After the offset, the following amounts are disclosed in the separate financial statements:

	December 31, 2011	**December 31, 2010**
Deferred tax asset to be recovered after more than 12 months	834	660
Deferred tax asset to be recovered within 12 months	872	694
Deferred tax asset:	**1 706**	**1 354**

	December 31, 2011	**December 31, 2010**
Deferred tax liabilities to be used after more than 12 months	-	-
Deferred tax liabilities to be used within 12 months	1 885	974
Deferred tax liabilities:	**1 885**	**974**

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

	December 31, 2011	**December 31, 2010**
Investment in associates	(480)	-
Other financial assets	(1 367)	(974)
Other financial liabilities	25	-
Interest-bearing loans and borrowings	(38)	-
Trade and other payables	14	34
Tax loss carried forwards	1 667	1 320
Deferred tax asset/(liabilities)	**(179)**	**380**

(in PLN thousands unless stated otherwise)

As at December 31, 2011, tax loss carried forward are as follows:

	December 31, 2011
Tax loss for period 2009	234
Tax loss for period 2010	1 433
Tax losses in respect of which deferred tax assets were recognized	**1 667**

11 Related party transaction

As at December 31, 2011 the Group of which the Company is a parent consisted of the following subsidiaries (direct and indirect):

Company name	Address and country of the registered office	Main area of operation	Name of Parent Company	Share in capital and total voting rights	Date of purchase
AmRest Sp. z o.o.	Wrocław, Poland	Restaurant activity in Poland	AmRest Holdings SE	100,00 %	December 2000
AmRest s.r.o.	Prague, Czech Republic	Restaurant activity in Czech Republic	AmRest Holdings SE	100,00 %	December 2000
SCM Sp. z o.o.	Chotomów, Poland	Delivery services for restaurants operated by the Group	AmRest Sp. z o.o., Zbigniew Cylny Beata Szafarczyk-Cylny	51,00% 44,00% 5,00%	April 2005
AmRest Ukraina t.o.w.	Kiev, Ukraine	No current activity	AmRest Sp. z o.o.	100,00 %	December 2005
AmRest Kft	Budapest, Hungary	Restaurant activity in Hungary	AmRest Sp. z o.o.	100,00 %	June 2006
AmRest Coffee Sp. z .o.o.	Wrocław, Poland	Operating Starbucks stores 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 Coffee s.r.o.	Prague, Czech Republic	Operating Starbucks stores in Czech Republic	AmRest Sp. z o.o. Starbucks Coffee International, Inc	82,00 % 18,00 %	August 2007
AmRest Acquisition Subsidiary Inc.	Wilmington USA	Holding activity in USA	AmRest Holdings SE	100,00 %	Mai 2007
OOO AmRest	Petersburg, Russia	Restaurant activity in Russia	AmRest Acquisition Subsidiary Inc. AmRest Sp. z o.o.	1,56 % 98,44%	July 2007
AmRest Kávézó Kft	Budapest, Hungary	Operating Starbucks stores in Hungary	AmRest Sp. z o.o. Starbucks Coffee	82,00 % 18,00 %	August 2007

(in PLN thousands unless stated otherwise)

			International, Inc		
AmRest D.O.O.	Beograde, Serbia	Restaurant activity in Serbia	AmRest Sp. z o.o. ProFood Invest GmbH	60,00 % 40,00%	October 2007
AmRest LLC	Wilmington USA	Restaurant activity in USA	AmRest Sp. z o.o.	100,00 %	July 2008
AmRest Tag S.L.	Madrid, Spain	Holding activity in Spain	AmRest Holdings SE	76,27 %	April 2011
AmRestavia S.L.	Madrid, Spain	Holding activity in Spain	AmRest Tag S.L.	100,00%	April 2011
Restauravia Grupo Empresarial S.L.	Madrid, Spain	Holding activity in Spain	AmRestavia S.L. AmRest Tag S.L.	16,52% 83,48%	April 2011
Restauravia Food S.L.U.	Madrid, Spain	Restaurant activity in Spain	Restauravia Grupo Empresarial S.L.	100,00%	April 2011
Pastificio Service S.L.U.	Lleida, Spain	Restaurant activity in Spain	Restauravia Grupo Empresarial S.L.	100,00%	April 2011
Pastificio Restaurantes S.L.U.	Lleida, Spain	Restaurant activity in Spain	Pastificio Service S.L.U.	100,00%	April 2011
Tagligat S.L.U.	Lleida, Spain	Restaurant activity in Spain	Pastificio Service S.L.U.	100,00%	April 2011
Pastificio S.L.U.	Lleida, Spain	Restaurant activity in Spain	Pastificio Service S.L.U.	100,00%	April 2011
Rodeo Drive Sp. z o.o.	Wrocław, Poland	No current activity	AmRest Sp. z o.o.	100,00%	April 2011
AmRest HK Limited	Hong Kong, China	Holding activity in China	AmRest Holdings SE Stubs Asia Limited	65,00% 35,00%	September 2011
AmRest Restaurants (India) Private Limited	Mumbai, India	Restaurant activity in India	Restauravia Grupo Empresarial S.L.	99,99%	October 2011
AmRest Adria d.o.o.	Zagreb, Croatia	Restaurant activity in Croatia	AmRest Sp. z o.o.	100,00%	October 2011
AmRest Capital ZRT	Budapest, Hungary	Restaurant activity in Hungary	AmRest Sp. z o.o.	100,00%	November 2011
AmRest Finance ZRT	Budapest, Hungary	Holding activity in Hungary	AmRest Sp. z o.o.	100,00%	November 2011
AmRest Finance S.L.	Madrid, Spain	Holding activity in Hungary	AmRest Holdings SE	100,00%	December 2011
AmRest EOOD***	Sofia, Bulgaria	Restaurant activity in Bulgaria	AmRest Holdings SE	100,00%	December 2011

* On January 11, 2011 Group has finished liquidation process of Company OOO KFC Nord,

** On December 28, 2011 took place a merger of AmRest s.r.o. and AmRest BK s.r.o.,

(in PLN thousands unless stated otherwise)

*** On December 20, 2011 AmRest Sp. z o.o. sold shares in AmRest EOOD to AmRest Holdings SE. Change of the shareholder was registered on February 2, 2012 by the court proper for AmRest EOOD (Bulgaria).

As at December 31, 2011, the Group possessed the following associated entities included in the financial statements under the equity method:

Company name	Address and country of the registered office	Main area of operation	Name of Parent Company	Share in capital and total voting rights	Date of purchase
SCM s.r.o.	Prague, Czech Republic	Delivery services for restaurants provided to the Group	SCM Sp. z o.o.	45.90%	March 2007

The Group's offices are in Wrocław, Poland. At December 31 ,2010, the restaurants operated by the Group were located in Poland, the Czech Republic, Hungary, Russia, Bulgaria, Serbia, Croatia, Spain and the USA.

Related party transaction

Trade and other receivables from related entities	**December 31, 2011**	**December 31, 2010**
AmRest Sp. z o.o.	90	5 750
AmRest s.r.o.	-	697
SCM Sp. z o.o.	-	74
OOO AmRest	9	-
AmRest EOOD	-	3
AmRest d.o.o.	1	-
	100	**6 524**

Loans granted to related entities	**December 31, 2011**	**December 31, 2010**
AmRest s.r.o.	27 728	25 661
AmRest sp. z o.o.	205 700	350 000
	233 428	**375 661**

Borrowings received from related entities	**December 31, 2011**	**December 31, 2010**
Restauravia Grupo Empresarial S.L.	8 843	-
Restauravia Food S.L.U.	6 633	-
Pastificio Service S.L.U.	6 635	-
	22 111	**-**

(in PLN thousands unless stated otherwise)

Trade and other payables to related entities	**December 31, 2011**	**December 31, 2010**
AmRest Sp. z o.o.	1	219
	1	**219**

Other operating income from related entities	**12 months ended December 31, 2011**	**12 months ended December 31, 2010**
AmRest Sp. z o.o.	171	1 446
AmRest s.r.o.	74	706
AmRest LLC	22	17
OOO AmRest	16	8
AmRest KFT	4	5
AmRest Coffee s.r.o.	2	2
AmRest Coffee Sp. z o.o.	1	1
AmRest EOOD	1	3
AmRest Kavezo KFT	1	-
AmRest DOO	1	-
AmRest BK s.r.o.	1	-
SCM Sp. z o.o.	1	75
	295	**2 262**

General and administrative expenses – related entities	**12 months ended December 31, 2011**	**12 months ended December 31, 2010**
AmRest Sp. z o.o.	161	6
AmRest s.r.o.	2	-
	163	**6**

Financial income form related entities	**12 months ended December 31, 2011**	**12 months ended December 31, 2010**
AmRest Sp. z o.o.	15 903	5 765
AmRest s,r.o.	1 762	1 364
	17 665	**7 129**

Financial cost – related entities	**12 months ended December 31, 2011**	**12months ended December 31, 2010**
AmRest Sp. z o.o.	37	2 289
Restauravia Grupo Empresarial S.L.	10	-
Pastificio Service S.L.U.	10	-
Restauravia Food S.L.U.	8	-
	64	**2 289**

Transactions with the management/ Management Board, Supervisory Board

Remuneration of the Management and Supervisory Board

	12 months ended December 31, 2011	**12 months ended December 31, 2010**
Remuneration of the Management and Supervisory Boards paid by the Company's subsidiaries	3 689	3 682
Total remuneration of the Management Board and Supervisory Board	**3 689**	**3 682**

The Group's key employees also participate in an employee share option plan (see note 6). The costs relating to the employee option plan in respect of management amounted to PLN 291 thousand and PLN 724 thousand respectively in the 12 month period ended December 31, 2011 and 2010.

		December 31, 2011	**December 31, 2010**
Number of options awarded		446 200	148 050
Number of available options		95 147	86 820
Fair value of options as at the moment of awarding	PLN	10 795 257	3 873 971

As at December 31, 2011 and as at December 31, 2010 there were no liabilities to former employees.

12 Commitments and contingencies

On April 18, 2011, an amendment to the facility agreement dated October 18, 2010, was signed between AmRest Holdings SE, AmRest Sp. z o.o. and AmRest s.r.o. ("Borrowers") and RBS Bank (Polska) S.A., The Royal Bank of Scotland N.V., Bank PEKAO S.A. and Bank Zachodni WBK S.A. Under the above-mentioned amendment the amount of the Facilities was increased by 80 million EUR. As at December 31, 2011 the total credit liabilities amounts to: 47 500 TUSD, 80.000 TEUR and 195 241 TPLN (AmRest Sp. z o.o.) and 360 432 TCZK (AmRest s.r.o.).

As at August 8, 2011 all parties of credit agreement signed with Rabobank Polska S.A. the appendix according to which Rabobank Polska S.A. joined the consortium as the additional lender and took over part of debt from RBS Bank (Polska) S.A. and The Royal Bank of Scotland N.V. Loan value, interests, repayment date and other crucial terms of the agreement remained unchanged.

Due to good financial situation of the subsidiaries there is no risk that the Company will be required to repay loans taken by these subsidiaries.

The loans incurred by the Company do not account for collateral set up on fixed assets and other assets owned by the Company. The Borrowers (AmRest Sp. z o.o. and American Restaurants s.r.o.) are jointly and severally responsible for paying the liabilities resulting from credit agreements. Additionally, Group companies – OOO AmRest, AmRest LLC, AmRest TAG S.L., AmRestavia S.L., Restauravia Grupo Empresarial S.L., Pastificio Service S.L.U. and Restauravia Food S.L.U. – granted guarantees to the financing banks. These companies guarantee that the Borrowers will discharge their obligations following from the credit agreement until the loan is repaid, i.e. October 11, 2015.

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), 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). As at December, 2011, the above ratios were not exceeded.

(in PLN thousands unless stated otherwise)

13 Financial instruments

The Company is exposed to a variety of financial risks: market risk (including currency and interest rate risk) and - to a limited extent - credit risk. The risk management program implemented by the Company is based on the assumption of the unpredictability of the financial markets and is used to maximally limit the impact of negative factors on the Company's financial results.

Risk management is carried out based on procedures approved by the Management Board.

Credit risk

Financial instruments that are exposed to the credit risk include cash and cash equivalents, receivables and loans. The Company invests cash and cash equivalents in highly reliable financial institutions. There is no significant concentration of credit risk in respect of trade and other receivables due to their level as at balance sheet date. As at December 31, 2011 maximum amount exposed to credit risk was 233 428 TPLN and consist of the intercompany receivables from loan granted to related party (note 3).

The Company did not recognize impairment of assets listed above as well as not did create any write-offs.

Interest rate risk

The loan granted to the subsidiary (Note 3) was based on a floating interest rate. As at December 31, 2011, the Company did not hedge against changes in cash flows resulting from interest rate fluctuations which have an impact on the results. The fair value of that instruments, does not differ significantly from its carrying value.

Foreign currency risk

The Company is exposed to the foreign currency risk mainly due to the receivables and payables valuation denominated in currencies other than functional currency of the Company. The exposure to foreign currency cash flow risk is not hedged as there is no impact on cash flows.

Liquidity risk

The Company does not provide any operating activities except of holding activity, which results in no need of constant access to the financing and control over timely liability payments.

For the purpose of financing of investment activities of the Group, the Company issued bonds (Note 4) for the amount of PLN 150 million. Details of this bonds is presented in note 4.

Capital risk

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

The Entity monitors capital using the gearing ratio. The ratio is calculated as net debt to the value of EBITDA. Net debt is calculated as the sum of borrowings (comprising loans and advances, and lease liabilities) net of cash and cash equivalents. EBITDA is calculated as the profit from operations before interest, taxes, depreciation and amortization and impairment.

The gearing ratios at December 31, 2011 and December 31, 2010 were as follows:

	December 31, 2011	**December 31, 2010**
Bonds obligations and other liabilities	172 067	149 721
Less: cash and cash equivalent	17 043	33 609
Net debt	155 024	116 112
Total equity	833 638	659 867
Capital involved	988 662	775 979
Gearing ratio	16%	15%

(in PLN thousands unless stated otherwise)

Recent volatility in global and country financial markets

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.

14 Earnings per share

The basic and diluted earnings per ordinary share for the 12 months period of 2011 and 2010 was calculated as follows:

	12 months ended December 31, 2011	**12 months ended December 31, 2010**
Profit for the period	3 187	2 842
Weighted average number of ordinary shares in issue	20 598 233	16 837 476
Impact of share issuance	615 660	2 096 623
Impact of option of share issuance	-	2 271 626
Impact of share options awarded in 2005	19 516	2 818
Impact of share options awarded in 2006	19 001	-
Impact of share options awarded in 2007	-	-
Impact of share options awarded in 2008	-	-
Impact of share options awarded in 2009	23 909	(19 950)
Impact of share options awarded in 2010	15 387	-
Impact of share options awarded in 2011	-	-
Weighted average number of ordinary shares in issue	21 291 705	21 188 593
Profit per ordinary share		
Basic earnings per ordinary share	0,15	0,17
Diluted earnings per ordinary share	0,15	0,13

15 Events after the balance sheet date

On December 13, 2011 AmRest Supervisory Board adopted resolutions about recall of Piotr Boliński from the Management Board and appointment to this position of Wojciech Mroczyński. The effective date of resolution is March 1, 2012.

On February 29, 2012, according to appendix to the credit agreement, loan value was increased by additional EUR 50 million within tranche D. Additional funds will be assigned for financing AmRest development in European countries. The final repayment of tranche D falls due on October 11, 2015.