AmRest Holdings N.V.

Condensed Consolidated Financial Statements

as at and for the quarter ended June 30th 2007

Table of contents:

Consolidated income statement
For the quarter ended 30 June

in thousands of Polish złoty	**6 months ended June 30 2007**	**3 months ended June 30 2007**	**6 months ended June 30 2006**	**3 months ended June 30 2006**
Restaurant sales	364 660	187 064	280 009	146 842
Restaurant expenses:				
Cost of food	(121 324)	(62 361)	(94 470)	(49 541)
Direct marketing expenses	(15 662)	(8 001)	(14 411)	(6 864)
Direct depreciation and amortization expenses	(21 116)	(10 980)	(18 448)	(9 035)
Payroll and employee benefits	(70 724)	(35 830)	(53 215)	(27 495)
Continuing franchise fees	(21 463)	(10 991)	(16 602)	(8 712)
Occupancy and other operating expenses	(61 627)	(32 428)	(48 874)	(25 467)
Total restaurant expenses	(311 916)	(160 591)	(246 020)	(127 114)
Gross profit on sales	52 744	26 473	33 989	19 728
General and administrative (G&A) expenses	(22 052)	(11 578)	(17 191)	(9 255)
Depreciation and amortization expense (G&A)	(1 182)	(606)	(1 004)	(513)
Other operating income/(expense), net	3 451	1 689	1 900	1 091
Gain/(loss) on the disposal of fixed assets	(482)	(482)	2 213	2 302
Impairment gain/(losses)	(249)	(249)	(1 495)	(1 495)
Profit from operations	32 230	15 247	18 412	11 858
Finance income	321	66	6 149	6 021
Finance costs	(2 310)	(1 176)	(2 825)	(2 198)
Share of profit of associates	482	224	346	146
Net profit before tax	30 723	14 361	22 082	15 827
Income tax expense	(5 364)	(2 289)	(3 131)	(2 197)
Net profit	25 359	12 072	18 951	13 630
Attributable to:				
Minority interests	530	524	42	38
Shareholders of the parent	24 829	11 548	18 909	13 592
Net profit for the period	25 359	12 072	18 951	13 630
Basic earnings per share in Polish złoty	1,88	0,89	1,40	1,01
Diluted earnings per share in Polish złoty	1,87	0,89	1,40	1,01

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

in thousands of Polish złoty	**2007**	**2006**
Assets		
Property, plant and equipment, net	208 949	191 705
Intangible assets	13 362	12 829
Goodwill	23 222	23 516
Investments in associates	1 703	1 221
Other non-current assets	17 827	17 726
Deferred tax assets	9 569	9 336
Total non-current assets	274 632	256 333
Inventories	8 671	8 134
Trade and other receivables	10 412	11 460
Income tax receivable		-
Other current assets	7 079	5 976
Held-to-maturity investments	-	9 984
Cash and cash equivalents	39 068	25 241
Assets held for sale	-	3 861
Total current assets	65 230	64 656
Total assets	339 862	320 989
Equity		
Issued capital	519	519
Share premium	219 639	219 137
Retained deficit	(56 931)	(95 514)
Current year net profit	24 829	38 583
Cumulative translation adjustment	(4 574)	(4 940)
Equity attributable to shareholders of the parent	183 482	157 785
Minority interests	609	79
Total equity	184 091	157 864
Liabilities		
Interest-bearing loans and borrowings	61 428	72 140
Finance lease liabilities	3 094	3 326
Employee benefits	1 145	913
Provisions	2 882	5 565
Deferred tax liabilities	509	760
Other non-current liabilities	1 486	1 721
Total non-current liabilities	70 544	84 425
Interest-bearing loans and borrowings	6 466	918
Finance lease liabilities	70	68
Trade and other accounts payable	75 679	75 448
Income tax payable	3 012	2 266
Total current liabilities	85 227	78 700
Total liabilities	155 771	163 125
Total equity, minority interests and liabilities	339 862	320 989

Consolidated statement of cash flows
For the 6 months ended 30 June

in thousands of Polish złoty	**2007**	**2006**
Cash flows from operating activities		
Profit before tax	30 723	22 082
Adjustments for:		
Share of profit of associates	(482)	(346)
Amortization	3 164	2 815
Depreciation	19 134	16 637
Interest expense, net	1 094	2 009
Unrealized foreign exchange (gain)/loss	497	(2 544)
(Gain)/loss on disposal of fixed assets	482	(2 213)
Impairment losses	249	1 404
Equity–settled share based payments expenses	502	194
Waiver of loans	-	(3 396)
Working capital changes:		
(Increase)/decrease in receivables	1 067	8 159
(Increase)/decrease in inventories	(537)	(53)
(Increase)/decrease in other assets	(1 194)	(1 891)
Increase/(decrease) in payables and other liabilities	(4)	7 147
Increase/(decrease) in other provisions and employee benefits	(3 869)	(2 498)
Income taxes paid	(3 684)	(1 671)
Interest paid	(1 094)	(1 374)
Other	1 116	(3 110)
Net cash provided by operating activities	47 164	41 351
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(1 900)	(20 235)
Proceeds from the sale of property, plant and equipment and intangible assets	8 581	3 952
Proceeds from sale of held-to-maturity financial assets	9 984	-
Acquisition of property, plant and equipment	(44 230)	(19 890)
Acquisition of intangible assets	(3 972)	(486)
Acquisition of investment in related parties	-	(10)
Net cash used in investing activities	(31 537)	(36 669)
Cash flows from financing activities		
Proceeds from borrowings	-	5 643
Acquisition of held-to-maturity investments	-	-
Proceeds from issuance of shares	-	-
Repayment of borrowings	(918)	(20 693)
Repayment of finance lease	(230)	(210)
Net cash provided by/(used in) financing activities	(1 148)	(15 260)
Net change in cash and cash equivalents	14 479	(10 578)
Cash and cash equivalents, beginning of period	25 241	31 575
Effect of foreign exchange rate movements	(652)	(384)
Cash and cash equivalents, end of period	**39 068**	**20 613**

Consolidated statement of changes in equity
for the 6 months ended 30 June 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	**-**	-	-	-	**-**	**-**	**(2 763)**	**(2 763)**	**-**	**(2 763)**
Profit for the period	**-**	-	-	-	**-**	**18 909**	**-**	**18 909**	**42**	**18 951**
Issue of shares	**-**	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**
As at 30.06.2006	**519**	210 302	2 341	6 191	**218 834**	**(76 605)**	**(3 337)**	**139 411**	**62**	**139 473**
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	**-**	-	502	-	**502**	**-**	**-**	**502**	**-**	**502**
Currency translation differences	**-**	-	-	-	**-**	**-**	**366**	**366**	**-**	**366**
Profit for the period	**-**	-	-	-	**-**	**24 829**	**-**	**24 829**	**530**	**25 359**
As at 30.06.2007	**519**	210 302	3 146	6 191	**219 639**	**(32 102)**	**(4 574)**	**183 482**	**609**	**184 091**

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 and Bulgaria is to operate, basing on franchise agreements, Kentucky Fried Chicken („KFC”), Pizza Hut and Burger King restaurants Additionally, in Poland and the Czech Republic, the Company operates its own proprietary restaurants, „Rodeo Drive” and „freshpoint”.

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.

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

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

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

On the 8th of March 2007 the Company signed the Development Agreement with Burger King Europe GmbH concerning the developing and opening Burger King restaurants under franchise agreements. Burger King restaurants operate under franchise agreements with Burger King Europe GmbH with headquartered in Zug, Switzerland. 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.

On 25 May 2007, the Joint Venture Agreements between American Restaurants Sp. z o.o. (“AmRest Poland”) and Starbucks Coffee International, Inc. (“Starbucks”) were signed with regards to entering into cooperation relating to the development and operation of Starbucks stores in Poland, the Czech Republic and Hungary (the “Territory”). The parties resolved to establish three separate Joint Venture Companies, one for each of the 3 countries in the Territory. AmRest Poland shall contribute eighty-two percent (82%) and Starbucks eighteen percent (18%) of the capital to the JV Companies.

The Consolidated Financial Statements as at and for the three months ended 30 June 2007 comprise the data on the Company, its subsidiaries and on the Group's equity interest in associates.

As at June 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	No operations conducted currently	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.	100.00 %	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 Acquisition Subsidiary Inc.	Wilmington, USA	Holding activity	AmRest Holding N.V.	100.00 %	May 2007

As at June 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

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

(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 two principal geographical areas: Poland and the Czech Republic.

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

The operations of the Group's restaurants represent a single business segment. The restaurants' products and customers can be described in a similar way. Business risks and operating margins are similar for all types of operated restaurants.
Inter-segment pricing is determined on an arm's length basis.

Geographical segment data for the period ended June 30th 2007 and for the comparable period ended June 30th 2006.

	Poland	*Czech*	*unallocated*	*Total*
6 months ended 30 June 2007				
Revenue from external customers	250 021	91 915	22 724	364 660
Inter-segment revenue	-	-	-	-
Operating profit/segment result	22 778	10 304	(852)	32 230
Finance income				321
Finance costs				(2 310)
Share of profit of associates	482	-	-	482
Income tax				(5 364)
Profit for the period				24 829
Segment assets	212 669	93 452	-	306 121
Investments in associates	1 703	-	-	1 703
Unallocated corporate assets	-	-	32 038	32 038
Consolidated total assets				339 862
Segment liabilities	51 986	23 027	-	75 013
Unallocated corporate liabilities			80 758	80 758
Consolidated total liabilities				155 771
Depreciation	13 428	4 898	808	19 134
Amortization	2 575	328	261	3 164
Capital investments	27 071	6 534	13 611	47 216
Impairment of fixed assets	14	-	235	249

3 months ended 30 June 2006				
Revenue from external customers	129 481	46 161	11 422	187 064
Inter-segment revenue	-	-	-	-
Operating profit/segment result	11 018	4 832	(603)	15 247
Finance income				66
Finance costs				(1 176)
Share of profit of associates	224	-	-	224
Income tax				(2 289)
Profit for the period				11 548
Segment assets	212 669	93 452	-	306 121
Investments in associates	1 703	-	-	1 703
Unallocated corporate assets	-	-	32 038	32 038
Consolidated total assets				339 862
Segment liabilities	51 986	23 027	-	75 013
Unallocated corporate liabilities			80 758	80 758
Consolidated total liabilities				155 771
Depreciation	6 913	2 453	452	9 818
Amortization	1 452	75	241	1 768
Capital investments	17 365	2 130	9 576	29 071
Impairment of fixed assets	14	-	235	249

	Poland	Czech	unallocated	Total
6 months ended 30 June 2006				
Revenue from external customers	200 530	79 479	-	280 009
Inter-segment revenue	-	-	-	-
Operating profit/segment result	13 978	5 694	(1 260)	18 412
Finance income				6 149
Finance costs				(2 825)
Share of profit of associates	346	-	-	346
Income tax				(3 131)
Profit for the period				18 909
Segment assets	193 926	80 865	-	274 791
Investments in associates	940	-	-	940
Unallocated corporate assets	-	-	23 918	23 918
Consolidated total assets				299 649
Segment liabilities	47 269	18 029	-	65 298
Unallocated corporate liabilities	-	-	94 878	94 878
Consolidated total liabilities				160 176
Depreciation	11 246	5 391	-	16 637
Amortization	2 488	327	-	2 815
Capital investments	33 031	6 011	-	39 042
Impairment of fixed assets	1 495	-	-	1 495
3 months ended 30 June 2006				
Revenue from external customers	104 351	42 491	-	146 842
Inter-segment revenue	-	-	-	-
Operating profit/segment result	8 562	4 102	(806)	11 858
Finance income				6 021
Finance costs				(2 198)
Share of profit of associates	146	-	-	146
Income tax				(2 197)
Profit for the period				13 592
Segment assets	193 926	80 865	-	274 791
Investments in associates	940	-	-	940
Unallocated corporate assets	-	-	23 918	23 918
Consolidated total assets				299 649
Segment liabilities	47 269	18 029	-	65 298
Unallocated corporate liabilities	-	-	94 878	94 878
Consolidated total liabilities				160 176
Depreciation	5 574	2 571	-	8 145
Amortization	1 238	165	-	1 403
Capital investments	26 568	1 848	-	28 416
Impairment of fixed assets	1 495	-	-	1 495

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

(i) Events Subsequent to the Balance-Sheet Date

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

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

Establishment of AmRest Coffee Sp. z o.o. by American Restaurants Sp. z o.o. and Doris 2006 Sp. z o.o.

On the 27th of March 2007 American Restaurants Sp. z o.o. and Doris 2006 Sp. z o.o., the subsidiaries of AmRest, signed the Article of Association of AmRest Coffee Sp. z o.o.
American Restaurants Sp. zo.o. subscribed 499 shares of the new company which constitute 99.8% of AmRest Coffee Sp. z o.o. equity and Doris 2006 Sp. z o.o. subscribed 1 share (0.2% of equity).
On the 25th of June 2007 Doris 2006 Sp.zo.o. sold the one shares of AmRest Coffee Sp.zo.o. to American Restaurants Sp.z o.o.
AmRest Coffee has been established to open and operate restaurants in Poland.

Acquisition of Bécsi út.13. Kft. by American Restaurants Kft., a Subsidiary

On the 19th of April American Restaurants Kft. purchased 100% shares in Bécsi út 13. Kft.
Bécsi út 13. Kft. is the owner of the office building located at Bécsi út 13, Budapest. Acquisition of the above mentioned building is aimed to facilitate the extension of AmRest office in Budapest.

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

Cash	3
Fixed assets	1 935
Receivable	5
Other non current assets	9
Accounts payable and accruals	(6)
Net assets acquired	1 946
Negative value between acquisition price and net assets acquired, recognize in P&L	(43)
Cash paid on acquisition	1 903
Net cash and cash equivalents in subsidiary acquired	(3)
Cash outflow on acquisition	1 900

Establishment of American Restaurants EOOD by American Restaurants Sp. z o.o.

On the 27th of April 2007 American Restaurants Sp. z o.o. , the subsidiaries of AmRest, signed the Article of Association of American Restaurants EOOD, based in Sofia, Bulgaria.
American Restaurants Sp. zo.o. subscribed 2500 shares of the new company which constitute 100% of equity.
American Restaurants EOOD has been established to open and operate restaurants in Bulgaria.

Establishment of AmRest Acquisition Subsidiary, Inc. (AA Subsidiary), by AmRest Holding N.V.

On the 15th of May 2007 AmRest Holding N.V. set up AmRest Acquisitiom Subsidiary, Inc. (AA Subsidiary), a Delawary corporation, a wholly-owned subsidiary of AmRest HoldinsN.V..
The purpose of the foundation of AA Subsidiary was merged with US Strategies, Inc. (''USSI''), a New Jersey corporation.
By the merger, AA Subsidiary is Controlled Shareholder of OOO Pizza Nord, a franchisee of Pizza Hut and Rostic-KFC in Russia.

Acquisition of OOO Pizza Nord by AmRest Acquisition Subsidiary, Inc. (AA Subsidiary) and American Restaurants Sp.z o.o.

On the 2nd July 200, in result of the Merger Agreement, which we described in point over, AmResta Acquisition Subsidiary was acquired 91% shares OOO Pizza Nord. The remaining 9%, held by minority shareholders, was acquired by American Restaurants Sp. z o.o., the 100% subsidiary of AmRest Holdings N.V.

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

Cash and cash equivalents	999
Fixed assets	49 208
Intangible assets	156
Inventory	2 772
Trade and other receivable	4 192
Other current assets	2 650
Other non current assets	5 632
Accounts payable and other liabilities	(34 506)
Net assets acquired	31 306
Goodwill	140 060
Cash paid on acquisition	70 345
Equivalents in shares	99 987
Expenses related with due diligence report	831
	171 163
Net cash and cash equivalents in subsidiary acquired	(999)
Cash outflow on acquisition	170 164

(k) Changes in Future and Contingent Liabilities

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

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

Under the Franchise Agreements, the Company, through its subsidiaries, must from time to time upgrade, modify, renovate or replace all or part of its restaurants or any of their fittings, fixtures or signage or any of the equipment, systems or inventory used in the restaurant in order to maintain compliance with the relevant franchisor's then current standards. During each of the initial term and the renewal term, if any, the franchisor may not require more than two comprehesive refurbishments of all fittings, fixtures, signage, equipment, systems and inventory in the "front-of-house" area of each AmRest restaurant to then current standards and more than one comprehensive refurbishment of all fittings, fixtures, signage, equipment, systems and inventory in the "back-of-house" area of each restaurant. Individual franchise agreements signed after the Master Franchise Agreement do not contain this provision. The Company estimates the cost of upgrades at 2.5 percent of annual restaurant sales in future periods.

The Development Agreements with Burger King Europe GmbH (BKE), discussed in Section (a), have a term of 5 each year, since 2007 year. During the initial 5 years term the initial franchise fee payable by Developer shall be $25,000 for each Burger King restaurant with a franchise agreement providing for a term of 10 years (plus a further renewal franchise fee of $ 25,000 in case of a 10 years renewal of the franchise agreement at the Developer's option). The initial franchise fee shall be reduced by 50 % for the development of each Burger King restaurant which exceeds the number of Burger King restaurants to be developed and opened by Developer according to the development schedule.

Along with the JV Agreements with Starbucks Coffee International, Inc. ("Starbucks") mentioned in Section (a) the wordings of particular agreements (Area Development and Operation Agreements, Shared Services Agreements, Service Agreements and Supply Agreements) for each country (Poland, Czech Republic and Hungary) have been agreed. These agreements have the a term ending on May 31, 2022 with an option to extend this term for an additional 5 years upon the fulfillment of certain conditions. The key fees and costs to be borne by the JV Companies will be regarding the development and service fees for initial operation support equal to an amount of USD 950 thousand and the initial franchise fee of USD 25 thousand for each Starbucks store. The JV Companies 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 JV Company fails to meet the development obligations Starbucks will have the right to charge a development default fee or to terminate the Agreements.

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.

l) Earnings per Ordinary Share

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

	6 months ended June 2007	3 months ended June 30 2007	6 months ended June 30 2007	6 months ended June 30 2006
Net profit attributable to shareholders of the parent(PLN '000)	25 359	12 072	18 951	13 630
Ordinary shares as at January 1st/April 1st	13 500 000	13 500 000	13 500 000	13 500 000
Effect of shares issued	-	-	-	-
Effect of stock options granted in 2005	50 626	50 626	25 399	25 399
Effect of stock options granted in 2006	19 517	19 517	-	-
Weighted average number of ordinary shares as at June 30	13 570 143	13 570 143	13 525 399	13 525 399
Basic earnings per share (PLN	1,88	0,89	1,40	1,01
Diluted earnings per share (PLN)	1,87	0,89	1,40	1,01